

# Maclean's

MULRONEY  
CHARTS THE  
FUTURE

THE CRISIS IN HEALTH CARE

## SICK TO DEATH



Charles Coleman, 63, desperately needed heart surgery. Overworked doctors at a Toronto hospital had to postpone it 11 times. Then, a week after he finally had his operation on Dec. 12, Coleman died. His family says his death was needless. Their tragedy is not unique.





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# Maclean's

CANADA'S WEEKLY NEWSMAGAZINE FEBRUARY 13, 1989 VOL. 102 NO. 7

## CONTENTS

### 2 EDITORIAL

### 5 LETTERS/PASSAGES

### 6 OPENING NOTES

Safety first on Quebec's ski slopes; the jockeying begins for John Tuzo's job; Calvin Goldman seeks more clout; Kennedy considers conspire for a mission; what the Kremlin wants; finally resolving the riddle of Russia; beauty and the brain; an Ottawa bachelor succumbs.

### 9 COLUMN/BARBARA AMIEL

### 10 CANADA

The Prime Minister's chief of staff embarks on a crusade for austerity in federal spending; doubts cloud the navy's purchase of a U.S. antisubmarine system; the West rebounds from a devastating cold snap; Alberta moves toward a precedent-setting election.

### 16 WORLD

The trial of Oliver North begins; Panagiotis Strangos; Alfredo Strassera is overthrown; final hours for a guerrilla assault.

### 24 BUSINESS

Overregulation spurs competition between banks and trust companies; the market advances, but small investors remain skeptical.

### 29 BUSINESS WATCH/PETER C. NEWMAN

### 30 PEOPLE

### 32 COVER

### 44 SCIENCE

A controversial study links race and behavior.

### 46 PRESS

Recent departures may signal a shift in direction at the venerable Globe and Mail.

### 48 OBITUARY

Intrepid's life and death were shrouded in secrecy.

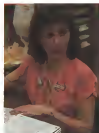
### 52 MUSIC

Jan Tyson is back with a highly personal blend of country music.

### 55 FILMS

Exploring fears that haunt the suburban psyche.

### 56 FOTHERINGHAM



## COVER

### SICK TO DEATH

Increasingly in recent months, tight hospital budgets, nursing crisis and a shortage of highly trained nurses have produced a toll of fatalities among patients who cannot survive long enough to receive the surgery that they need. Because of provincial governments determined to control expenditures, hospitals are forced to close beds and cut back on services.

— 32

## WORLD

### A NATION DIVIDED

For three days last week, members of the Central Committee of Yugoslavia's Communist party traded insults and failed to resolve their differences. The political divisions are compounded by economic problems and rivalries among mutually suspicious ethnic groups in the nation's worst postwar crisis.

— 16



## PEOPLE

### A PARTY FOR ONE

Prince Charles seems to have been ignoring his wife, Diana, Princess of Wales. But when she went to New York City on her own last week, taking enough clothes to fill a van for a stay of only 43 hours, she had no difficulty holding the attention of regular New Yorkers—and the city's elite.

— 30



COVER PHOTO BY BRIAN WELSH/AGENCE

Canadian postal rates and regulations apply.

# Deaths And Entrances

**A**s this week's cover story unfolds disturbingly clear, there are no quick fixes available for Canada's deteriorating health care system. The grim reality is that a whole generation of Canadians is growing up with a system that is less efficient and seems to be less humane than that of their parents. People are dying because doctors and the medical establishment cannot look after the people in the outside facilities to save their lives. They are dying not because they cannot afford medical care, not because doctors are overworking or governments are unresponsive, but because in every province the system itself is failing them.

In Britain, where universal health care was pioneered by Labor Health Minister Aneurin Bevan in 1948, Margaret Thatcher's government is now questioning basic aspects of the system. In Britain, too, people are dying because they are too far back in the lineup for too few hospital beds and other life-saving services. But Thatcher is asking to expand the two-tiered health system, allowing those who can afford it to pay for the doctor and services of their choice, while the rest continue to rely on public services.

This approach seems destined for even greater disaster. Most good doctors will almost certainly continue to avoid patients who can afford large fees, while private hospitals provide ever-improving services. The Medicaid—although not the certainty—is that available public care will deteriorate in the process.

A two-tiered system offers no solution at all, but universal health care may no longer be a viable alternative either. For that reason, Ontario should now consider appointing a federal-provincial task force. That body should hold public hearings across the country, examine all the alternatives and recommend within six months the changes that have to be made to create a balance between supply and demand and to restore the Canadian health system to its status as the envy of the world.

*Karin Whyte*



*Physic surgery is hard to restore the system's status as the envy of the world*

**Maclean's**

CANADA'S WEEKLY MAGAZINE

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L'OREAL



# OPENING NOTES

John Turner flexes his muscles, a two-language policy for Quebec skiers, and star signs for Soviet readers

## SAFETY ON THE SLOPES

Quebec's controversial language laws seem clear: only French is permitted on external signs throughout the province. Still, ski-resort operators routinely post signs in English as well as French—without violating guidelines. They say that they do so for the protection of English-speaking Quebecers—and the thousands of out-of-province visitors who visit Quebec slopes each winter. Declared Denis Boudreau, the general director of Mont Sutton, a popular resort located 95 km east of Montreal: "We are trying to see common sense. You do not want to put people's lives in danger." And Louis Bédard, who manages Mont St-Sauveur, 40 km north of Montreal, acknowledged that English-language signs helped draw skiers from Ontario. Said Bédard: "We have made an effort to attract them and we want to make sure they are well served." Indeed, the private resorts are following a trail blazed by the province itself at Mont-Sainte-Anne, a government-owned resort near Quebec City. There, officials' leaders in providing their parents' private ski operators to post signs in both languages for safety



Skiers at Mont Sutton; cocaine nose and contradictions

and health reasons. Declared Gilles Boudin, a lawyer with Quebec's French Language Office: "There are more in the language questions where people close their eyes." Even on the ski lifts.

## Bumps and nudges on the line

Opposition Leader John Turner left for a 10-day vacation in Jamaica last week—as likely as not—unconsciously prepared for a head-wind of Turner decides to stay down this year. Veterans MP Lloyd Axworthy, for one, recently brushed up on a request for the top job—proficiency in both official languages—by completing a three-week immersion course in French. And Turner himself jumped into the succession race when he asked opposition deputy leader Herb Gray to prepare a list of shadow cabinet appointees. According to Turner aides, Gray chose a roster post for Minister of Real Estate. But Turner wanted the rookie MP—and likely rival to Axworthy—to have a more prominent job. As a result, Martin is now the chief for urban affairs, housing and the Treasury Board. Toronto MP Charles Caccia did not fare so well. He had



Martin: a position in the shadow cabinet

demanded to stay on as an economic critic—or sitting at all—and Turner responded by leaving him as the only member of the 88-member caucus without responsibilities. Despite his recent back problems, the current leader can still flex his muscles.

## MORE MONEY, MORE CLOUT

Colin Goldstone, the director of the federal Bureau of Competition Policy, has a 250-member staff, on \$16-million annual budget and the legislative power to roll back three major mergers in the brewing, airline and energy industries. Still, Goldstone wants more money in order to attract top legal and industry experts. Without such an infusion of funds, the high-priced corporate lawyers and consultants who switch sides with the staff are certain to continue using a suitcase that cradles defunct Goldstone's creditworthiness. Low-Cal.



Edward LeBlanc, Joseph Comte: who are interested in the governor's job

## KEEPING IT ALL IN THE FAMILY

Michael Dukakis will not seek re-election as the governor of Massachusetts in 1991—and his subliminal remedy assures that a Kennedy will occupy the governor's mansion. But the state's leading political family still has to decide between two cousins who are interested in the job. Congressman Joseph Kennedy Jr., the son of the late Robert Kennedy, and Edward Kennedy Jr. According to family members, Joseph, 36, is frustrated by the slow pace of events in Congress,

where he has represented Boston's 8th District for three years. And although he is a politically sensitive Edward Jr., 37, is a rising political star who's a good job running his father's successful re-election campaign for senator last fall. One potential obstacle Joseph seeks the governor's job while Ted Jr. maintains a family tradition by running for Joseph's congressional seat—once held by their uncle, John F. Kennedy. More would the voters, this is strictly a family affair.



The Quayle: a new twist on an old stereotype

## Beauty and the brain

During the U.S. presidential campaign, some critics said that Dan Quayle and his wife, Marilyn, had reversed a stereotype: she was the brains of the family, while he was the dumb blond. That characterization has persisted as the couple adjust to their new roles in the hazy world of official Washington. Last week, in fact, Quayle appeared unflustered as he prepared for his first official trip, a three-day visit to Venezuela and El Salvador. He did so by personally conducting a briefing on the journey—a task that is usually delegated to his aide—and then assured that reporters refer to him only as "a senior official." Meanwhile, Doreen Patrick Wright, a Montreal makeup artist whose career has gained him access to such celebrities as actress Cheryl Ladd, said that Quayle's 35-year-old wife followed a fashion style that was 20 years behind the times. Edward Wright, who prepared Marilyn's makeup on inauguration morning last month, "She should cut three or four inches off her hair. It just isn't appropriate for a woman of her age." Added Wright: "She's trying to imitate Jackie Kennedy and she's no Jackie." Lloyd Botsford, the unsuccessful Democratic candidate for Quayle's job, has already suggested that Marilyn's husband is no Jack Kennedy, either.

## Good signs for glasnost

Traditionally, the Communist party of the Soviet Union has firmly rejected what its ideologues term the "false sciences" of religion and astrology. But, in a new newspaper feature, Moskovskaya Pravda, the official newspaper of the Communist party of Moscow, has recently begun publishing an astrology column. Indeed, the newspaper describes columnist Roman Pavlov as "a master of the magical sciences." But that deviation from Marxist-Leninist dogma may prove to have been politically correct: in his first column, Pavlov predicted a good year for glasnost.

## HIGH LIVING ON A BUDGET

Boris Gorbachev's penchant for designer dresses and caviar has drawn criticism from less-official Soviet citizens. But in a recent article in a Soviet youth magazine, editor Vasily Kaverin revealed that Mikhail Gorbachev can afford to indulge his wife's tastes because he earns \$36,000 per year. That is one-third the amount paid to George Bush, but, like Bush, Gorbachev enjoys top accommodations, substantial food and the use of vacation homes. Still, Kaverin's shopping suggestions would clearly stretch many budgets. Among her souvenirs from a 1984 visit to London: a \$1,300 pair of earrings that she changed on her American Express card. A few more changes on their scale would leave Mitchell with very little play money.

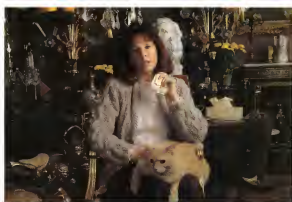
## WEDDING BELLS FOR A MINISTER

Environment Minister Lucien Bouchard is about to end his bachelor days and marry Calgary's French, an announcement from Los Angeles, the Feb. 17 wedding in the daughter of a West Coast minister. Bouchard is a French minister who will be the second marriage for the 35-year-old minister. He met French—who is now 26 years younger than Bouchard—two

years ago during a flight in London from Paris where Bouchard served as Canadian ambassador. Bouchard and French had competing flights to Calgary and Los Angeles respectively. But Bouchard—who had simply said "No" to her—had he worked at the Canadian Embassy—had swiftly become separated from French in the crowded airport as officials whisked him off to the private plane. Still, his French wife assigned to re-establish contact three weeks later by sending a letter to the Paris embassy. The ambassador was surprised.



Bouchard: a note to the embassy



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COLUMN



## Narcissus, thy name is woman

BY BARBARA AMIEL

Last week, I went up to Global Television's Toronto studios to tape a one-hour special with the working title *Women in the 90s*. There we were, four female (and one male) panel members and two female interviewers (together with an audience of 100 mostly female) people, taking part in that popular modern pastime—discussing the female condition. Has even a group of women begun to accept themselves as such as women in the half of the 20th century? It occurred to me, as the program went on, that the amount of discussion by a group of individuals is inversely proportional to their individuality.

The panel was a rainbow coalition of sorts. To the right of my vestment-green shoulder (adjacent to Karl Lagerfeld, if you must know) were the gentle giant of Jane Austen, the Toronto-born chairman of the Metropolitan Toronto Planning Authority. Next to her sat the program's moderator, scarlet-suited with long, lipstick and name. Ms. Thelma Adams, to which I just beyond my eyebrow was Mavis McTeer (an author, a writer), and directly facing me was a sliver of firm white thigh (a leg) going to Lynn Whitting, the successful manager of an all-female real estate syndicate whose wondrous headline threatened to make the show interesting.

Locked in oil, sex, politics, businesswomen and even—out of a bad joke. There was even a chap, perhaps Allan Gregg from Brevin's Restaurant, looking rather dour (and who could blame him), who was occasionally asked to give the anti-point of view. "I think it would be a great shock to men if they thought I was representing their views," he would say, before making the only common-sense observation of the evening.

I had come to the program expecting to do a standard analysis of Ontario's policies of pay equity, affirmative action and anti-racism property division. The ideas that we would be performing in front of its audience, with interviewers Mavis McTeer and Lynn Whitting, could be said to be, trying people to be "conscious," was

*The feminists' 'superwoman' is someone who holds a job and occasionally tucks the children into bed*

little alarming. At worst, I had predicted a bit of loose-up arguing over statistics or the ethical basis of retrospective legislation. To the end, I had a comfy Goethe quote on the back of my mind about as follows being good, while the rest of it in front. Rather a good way, I thought, to end a discussion that was bound to focus on all the various new laws in Canada designed to make men and women indistinguishable from one another.

The producers clearly had another set of show in mind, perhaps such more interesting to women, and the moment the camera went in Adams started things rolling. "It's money the new superwoman?" she asked me, and to my horror I found myself answering the question. I mean if I were asked to stop breathing on television I would, too.

All that said, the usual topics did come up. McTeer vigorously defended Ontario's Family Law Act, which forces husbands and wives to split business and personal assets accumulated during the marriage 50-50 without regard to whose fault the marriage break was or who built up the assets. She asked us opinions to the new Pay Equity Act, which forces business and government to make sure that every employee according to some arcane

point system is settled into a deep gloom that was only pierced when I heard McTeer explain that the spiritual things in life were the most important and she wanted to spend more time with her family. For one floating moment, I actually felt sorry for her. Then, I believe I heard McTeer mention that women had to face the fact that we can't all be "superwomen." A distinct "click" in the area of my temporal lobe followed.

A number of feminists have explained to me the cruel realities of life for today's "superwoman" who "is expected to do it all." I must say that I find the use of such buzz words and clichés very revealing. What, for example, is it that today's feminists mean by "superwoman"? Is it a female who does over buildings or perhaps more serious with her hair back? No, it turns out to be a woman who holds down a job (quite often a government appointment) and occasionally tucks the children into bed. Can one begin to reason with people of this mentality, I wonder? Would it have occurred to David Matthews, that intrepid African bush pilot, to describe himself as a superwoman, even after crossing the Atlantic solo in 1936? Or Indra Gandhi Or Joyce Carol Oates?

The four today's corporate feminists get into whatever they are personally faced with as a dilemma at their own business, of course. Should they follow business hours? Should they not complete their due acts course in Toronto? Should they accept a promotion to women's resources officer or have a second baby? Well, I don't know. But the problem is that those sort of people tend to mean more myth than reality out of their own experience.

A third's society, after all, understands that gender should not create an issue. Once that principle is understood, we can quite easily tolerate people who may wish to do extraordinary things without trying to re-educate everyone or making the entire society do a flip. If we aren't up to condoning liberalism then we ought to acknowledge that, for the time being, the majority of women would like to get married and have children, and we should construct our social policies accordingly.

Thus, even ending that struggle to want men and women away from the so-called traditional or stereotyped roles. It also means accepting the fact that the minority of women who wish to become high-level workers are here to push a little harder to get the job—it simply isn't in the air. What could be a vast waste of time and money in making feminist planning a core educational subject. Understanding the wonder of compound interest would do more for women's liberation than education in vocational and technical schools.

These days, the word of feminist outcast the tale of selling a woman's body should become plumbings, physicians or academics. For my money, we don't encourage them hard enough to be plumbings. As for the academics, well, I think academics might be better off if they teach—male or female—showing the slightest inclination toward mathematics were straining the first of my Super Act, which forces business and government to make sure that every employee according to some arcane



New associate Defence Minister Mary Collins MacLewy. Beauty aids and social programs are likely targets for cuts

## CANADA

# BELT-TIGHTENING

Stanley Hart once earned \$450,000 a year as a labor lawyer. But last spring, he reneged after 25 years as deputy finance minister—in part, he said, because he had found it difficult to get by on his \$120,000 government salary. However, on his new job Hart has embarked on a crusade for austerity. Although he took over as chief of staff to Prime Minister Brian Mulroney only last week, the 51-year-old Hart is already well-known in Ottawa as an outspoken manager with little patience for bureaucratic red tape. These assets will clearly benefit him as he prepares to play a key role in reviewing and cutting federal spending—a task that Mulroney himself has proclaimed to be one of his government's top priorities. "Having Stanley as the Prime Minister's Office is very important," an adviser to Mulroney said last week. "His experience at Finance has taught him where all the beans are buried."

Hart's ascendancy to one of the most pow-

## OTTAWA EMBARKS ON A CAMPAIGN TO GET TOUGH WITH SPENDING AND CUT THE BUDGET DEFICIT

erful unelected positions in Ottawa is only one of several signals that Mulroney's government plans to get tough with federal spending. It is a long-awaited second shift that works—the first since the Conservatives returned to power with a reduced majority in May 1985—the Prime Minister appointed six new ministers to

senior portfolios. He also reorganized 10 ministries and reduced the size of his cabinet by one to 39. But the most important and potentially far-reaching changes were to the structure of the cabinet committee system. All spending proposals will now have to pass the scrutiny of a new, eight-member expenditure review committee—already dubbed the "smash-and-defeat" committee—which Mulroney himself will head. The Prime Minister also promised to streamline the federal bureaucracy, eliminating some departments and consolidating others during the next two years.

Mulroney's announcements last week marked the first phase in an ambitious effort to curtail Canadians at the most for stringent measures to slash the federal deficit, which now stands at nearly \$29 billion (page 13). The four-step plan is to prepare taxpayers for the impact of Finance Minister Michael Wilson's next budget, expected in April, which most experts predict will include widespread spend-

ing cuts and higher taxes on such items as gasoline and alcohol. But the target list, the Times say that they are committed to shrinking the size of government—a process that is bound to provoke intense debate. "The selling job started with the shuffle," a Mulroney confidant told MacLean. "Over the next few weeks, you will see all sorts of statements by ministers aimed at getting the message across. With free trade accomplished, deficit-cutting is the government's singular preoccupation."

In most respects, the latest attempt to rein in federal spending echoes the deficit-cutting exercise carried out by Wilson early in the government's first term. Less than two months after taking office in September, 1984, the Times announced a \$2.2-billion package of spending cuts and expenditures. The new government also launched a review of the country's foreign aid programs, its unemployment insurance system and its massive transfer payments to the provinces, which support education, health care and welfare programs.

But Mulroney later scaled many of the cost-cutting proposals, including a 1985 plan to reduce the rate of increase in old-age pensions. Moreover, during the May 16 last fall election, the Times announced more than \$5 billion in new programs—a spending spree denounced by many business leaders as irresponsible. "In the past few years, the government could have done a major job of reducing the deficit, but it did not want to," said John Bullock, president of the \$6.10-billion Canadian Federation of Independent Business. "The message they thought they were communicating, they tried to spend their way back into power."

Still, Mulroney's aides insist that the Prime Minister's renewed commitment to spending restraint is genuine. And they add that Mulroney's experiences during his first term in office have taught him as a realistic leader that it is possible to ride out periods of low popularity and still recover in time to win re-election. "This government will do things that may be unpopular, but it is not going to cut and run the way that it did in its first mandate," a senior government official said last week. "People were terribly mistaken then. Now, they have learned public opinion is a fickle animal." Another adviser said that the government expects to follow an 18-month "review of opportunity" in which to launch politically unpopular initiatives. "It is not done early in the mandate, it becomes acceptable to do."

Others, however, caution that it is easier to reduce government spending on paper than in practice. "They Mr. Donald Blenkins, for one, would support a thorough review of social spending, including the \$10-billion unemployment insurance program. But Blenkins said that he is uneasy whether his colleagues on the government benches are prepared to take the political heat that such measures would provoke. "[Our] people are a lot more sure of themselves," Blenkins said. "The question is, are they willing to take the scale of hundreds of phone calls from constituents upset or tell that their benefits have been cut?" It really depends on the resolve of the cabinet."

Although the budget process is still in its early stages, the signs so far are that the resolve is there. A senior official at the finance department told MacLean that bureaucrats from other departments had been brought into the government's budget office to help review spending in a wide range of areas—including social programs—and to recommend places where budgets can be trimmed. "We are looking at everything, from the sale of government to the order," the official said. Reflecting the new sense of austerity, a private sector distributor last week warned ministers that the core budgets of federal departments, not just new spending programs, are potential targets for savings. As a further pointer, the news added that the autonomy of states or provinces, as Mulroney's cabinet has no longer be called to face checks of staff.

There are several big-ticket items that could be slashed to save money. Many observers expect the government to cancel—or at least postpone—a 1985 plan to purchase 10 to 12 nuclear-powered submarines, at a cost estimated from \$1 billion. Indeed, opponents of the controversial program expressed doubt last week when Mulroney removed Peter Beatty, a staunch supporter of the submarine project, from the defense portfolio, transferring back to health and welfare. "We see good Beatty is gone," said Steven Lushenko, a spokesman for the Toronto-based Peter Fisher Company, "and we hope his fellow-elderly submarine program is leaving with him."

In Ottawa, representatives of both the French and the British submarine manufacturers are trying to get the contract and publicly that they were optimistic the purchase would

## NOTES

### SHADOW LIBERALS

Liberal Leader John Turner announced the breakup of his new shadow cabinet. Among the 100 appointed: Herb Gray (Energy Minister), Lloyd Axworthy (Trade), Sheila Copps (Environment), Roy MacLennan (Justice), William Ramsey (Defence), Jack Layton (on the national affairs) and Paul Martin Jr. (housing and Treasury Board).

### CLEARED OF ABBOTT CHARGE

Alan Chaplin, charged with setting fire on Aug. 23 to a St. Basil's-Grand, Que., residence, charged with setting fire to the fire, was acquitted by a judge who described the police investigation of the fire as chaotic and sloppy. The fire killed 2,000 people from their homes for up to three weeks.

### A NEW CRIME PROPOSAL

Defense Minister William McKeown announced that the federal government has approved U.S. tests of an advanced crime made over Western Canada—probably this month or next.

### EQUALITY OF RIGHTS

The Supreme Court of Canada struck down a B.C. statute requiring lawyers to be Canadian citizens, saying that it violated the equality rights guaranteed by the Canadian Charter of Rights and Freedoms. The ruling could influence court decisions on such legislative matters as minority treatment and the rights of the unborn.

### NO RIGHTS ON

The Alberta Court of Queen's Bench upheld a 1968 extradition order against Charles N., a 37-year-old former U.S. marine who faces 12 murder charges in California—a term that reflects the death penalty. By serving a five-year sentence in Alberta for slaying, will appeal the decision.

### NO DUES LIMITATION

The Ontario Court of Appeal struck down a ruling restricting the use of union dues to support additional parties and activities. The National Canadian Coalition, which has promoted financial backing by Halseyburg, Ont., college teacher Myrle Langston's action against the Ontario Public Service Employees Union, said that it would seek leave to appeal.

### POLICE DISARMED

New Brunswick Highway Patrolmen turned in their guns, batons and riot helmets as the police force was dissolved and replaced by the RCMP.



**Balceruk: The Tory election strategy was 'to spend their way back into power'**

eventually go ahead. But speaking on condition that he not be identified, one anonymous lobbyist acknowledged that he was "very fearful" that the program would be scrapped. He added, "It would be political suicide to be seen cutting social programs while spending \$8 billion on nuclear waste." Meanwhile, a defence department official told *Maclean's* that a billion-dollar proposal to buy new tanks to replace the Leopard is now used by Canadian troops in Europe would also likely fall victim to Maloney's axe.

Before any of these decisions are made, the government plans to try to convince Canadians of the need for fiscal restraint. One problem is that the government's limited success so far in convincing the federal deficit may have convinced many people that the problem is now under control. As a result, there may be little

public support for deficit-cutting, particularly if it means cuts in social programs or higher taxes. But Eril Nilsson, a Toronto-based economist with the Bank of North Scotia, "Canadians are not inherently constrained to deficit reduction. I don't think they see the deficit as the end of all evils." Nilsson, for one, said that he is not convinced that the Tories are serious about improving industrial spending cuts. He added, "There is a lot of preflight posturing just to reflect as it is before the bad news."

But others say that the court's appeal for a full-scale review of government accounts. One such group, the Business Council on National Issues (BCNI), plans to step up its campaign for deficit reduction later this month by announcing the formation of a high-powered committee to lobby for cuts in government spending. The 12-member body includes prominent business

leaders David Calver, chairman of Alcan Aluminium Ltd., Marshall Olchley Cohen, president of The Molson Co. Ltd. and a former deputy finance minister in the Liberal government of Pierre Trudeau, and Royal Bank of Canada chairman Allan Taylor.

Per 800 president Thomas d'Aquino, the latest effort to gain public support for deficit reduction follows a similar pattern. His organization was also one of the strongest proponents of the Canada-U.S. Free Trade Agreement, and helped organize a public relations campaign supporting the deal. Now, the council plans to use similar means to argue support for its conservative agenda of government spending reductions by sponsoring speeches, building with newspaper editorial boards and launching a national anti-inflation campaign stressing the importance of deficit control. Still, d'Aquino, "There is a whole lot of things that would be terrific to have but which this country cannot afford—things like child care programs, education and new airports. The first order of priority must be to reduce government spending and increase revenues."

Still, at least one branch of the federal bureaucracy appears to have been deluged with letters to the budget-tighteners. Only a day after Maloney's cabinet was sworn in last week, newly appointed Treasury Minister Lucien Bouchard told reporters that the Treasury Board has dropped plans to cut 380 jobs from his department over the next two fiscal years which would have been the latest in a series of cuts to the ministerial budget under the Tories last took office. But Bouchard, "Government has to give the big signals that the environment is important." Almost certainly, his department will not be the only one to argue that it should be exempt from the drive to reduce spending.

**RODOLPH LAYNE with MARC CLARK and THERESA TENENCO in Ottawa**

## DUSTING OFF THE DEFICIT

The national budget deficit, which reached a record year as a measure to increase health, is a focus of attacks in Prime Minister Michael Wilson's first year in office. A program of tax cuts and spending. And although the gap between Ottawa's income and outlay was at the centre of the argument, there are many ways of measuring the deficit as there are many ways to whether it is an economic evil or really not so bad. Since Wilson took charge during the 1984-1985 fiscal year, budget spending has grown to just over \$132 billion from \$99.9 billion. That is an average annual increase of just under five per cent, hardly one point higher than the prevailing inflation rate during the period. But budget income, buoyed by higher tax revenues and surplus

unemployment insurance funds, grew at an average yearly pace of almost 10 per cent—more than twice the inflation rate—from about \$71 billion in 1984-1985 to an expected 1988-1989 total of \$103 billion when the current fiscal year ends on March 31.

As a result, the annual budget deficits have dropped to just under \$10 billion this fiscal year from more than \$28 billion at Wilson's first year—an average yearly reduction of almost seven per cent. Coasting slightly, the deficits have diminished by an annual 13 per cent. And they are partly offset by income from such nonbudgetary sources as the government's investments in federal corporations and agencies. That has reduced Ottawa's need to borrow from banks and the public through annual debt-bearing bonds and treasury bills. During five fiscal years when the deficits averaged 27 cents out of every budget dollar spent, the actual borrowing needs were 21 cents. Nonetheless, however, the deficit is an evil, and, like borrowing, to make up for the

containing annual deficits has pushed the accumulated national debt to \$222 billion from \$184 billion, says 1984-1985. The current deficit is more than half the sum of the \$600-billion gross domestic product (GDP)—the annual value of all goods and services produced at moment recorded in the country. However, he says, the debt was rising at an annual rate of 17 cents out of every dollar.

Still, some economists and opposition critics contend that the dangers of the debt are exaggerated—a relative saying, the debt is equivalent to a mortgage of \$25,000 owed by a household earning \$50,000 a year. They argue that much of it represents an investment in economic growth. But the deficit and the budget deficits also had the approval, as Wilson said in his 1985 budget speech, that they diminish a future of "growing debt and eroding savings." One thing that was certain in the debate: The new budget is unlikely to settle the argument, it

# A critical weakness

*The navy may be buying a faulty gun*

In the long history of naval warfare, there has rarely been a more effective weapon. Sea-dwelling cruise missiles struck just a few feet above the water, kept at almost the speed of sound, homing in robotically on their prey under the guidance of sophisticated heat sensors or radar. To counter them, the U.S. navy embarked on a program to develop Phalanx, a radar-controlled cannon that opens a half of 20-mm shells—up to 3,000 per minute—on incoming missiles.

Phalanxes on order for the U.S. warships went to sea in 1986. And in April, 1990, Canadian officers will commission their own. But Maloney's has learned that a classified U.S. Phalanx defense system raises serious doubts about its effectiveness. As a result, a congressional committee will begin special hearings next month to examine Phalanx.

The report, prepared by the general accounting office, is the latest in a series of criticisms of the weapon and of its maker, BAE Systems Corp. The company's investigation into its reliability problems for the U.S. navy and was taken to court over fraud charges—eventually dismissed—associated with its mobile antiradar weapon. Sergeant York Congressmen and defense experts told *Maclean's* that the report is highly critical of the navy for what its authors allege was inadequate testing, which misled Phalanx as more effective than it is. Said one defense expert who read the report: "We simply don't know if it can stop a sea-skimming missile under wartime conditions. The report shows that the tests that have been conducted were not realistic."

Canadian officials declined their choice, adding that the reason to be used on Canadian ships is that the system was not as reliable that they often ignored it. In November, 1987, congressman Barbara Boreas, a California Democrat, asked the accounting office, a watchdog agency, to investigate the defense system around the Stark and 50 other smaller Phalanx-equipped ships. The office's report, titled *May Ship's 20-mm Ability to Detect and Destroy Against Airship Cruise Missiles*, reported that even when the navy had trained the

frigates with the weapon "I'm aware of reports about target test results," he said. "But General Dynamics has been claiming up its art. We are not satisfied with what we are getting."

Still, many defense experts contend that Phalanx's shells, less than six inches in diameter, are too small to destroy sea-skimming missiles. Indeed, several NATO allies, including the Netherlands, have decided to select large-caliber versions of the gun in their navies. The U.S. Navy's 1990 defense plan, however, calls for



**BMCS Hellfire undergoing outfitting in Saint John: 'The tests were not realistic'**

the Centre for Defence Information in Washington. "It looks as if Canada has bought something that doesn't live up to its billing."

The U.S. acquisition program is an accident on May 17, 1987, when an Iraq Mirage F-1 fighter plane over the Persian Gulf fired two French-made Exocet missiles into the Phalanx-equipped USS Stark, killing 37 crewmen. At the time, the gun was switched off and crewmen later told investigators that the system was so unreliable that they often ignored it. In November, 1987, congressman Barbara Boreas, a California Democrat, asked the accounting office, a watchdog agency, to investigate the defense system around the Stark and 50 other smaller Phalanx-equipped ships. The office's report, titled *May Ship's 20-mm Ability to Detect and Destroy Against Airship Cruise Missiles*, reported that even when the navy had trained the

Phalanx in test conditions, it failed to perform up to expectations.

According to Boreas, the report indicated that the navy did not try to simulate the Phalanx's radar with electronic jamming or by filling the air with strips of plastic or metal foil to simulate conditions during a real combat. Neither did the navy subject Phalanx to electronic clutter generated by the other radar and guns that would seriously operate alongside it on a ship. And it allowed General Dynamics to claim—rather than navy personnel who would be using the gun in service—to run the test.

In Ottawa, Baker said that the Phalanxes Canada will be purchasing—at about \$5 million each—will be improved versions of the original version. Baker said that U.S. officials were aware of maintenance problems with the Phalanx will before the attack on the Stark and

were willing to correct them. As a result, the second-generation Phalanx will be much more reliable, he said. Baker added that the navy will put its first Phalanx through extensive tests after the Hellfire gun fires. If the gun fails to meet these requirements, there will be up to Phalanx Electronics Inc. of Montreal, the firm supplying all electronics and weapons for the vessels, to solve the problem.

For his part, Lalonde says that the Phalanx's problems are a result of the way the defense establishment operates. He added, "Defense contractors keep designing complicated equipment that can't be maintained on ships. You just hope that the other fellow's staff is equally deficient."

**WILLIAM LAWRENCE** in Washington and **MARC CLARK** in Ottawa





Snow-clearing in Edmonton: 13 deaths, power failures and school closings

## A cold blast of winter

Frigid weather leaves an icy path

A cold arctic air mass is stacked over the Yukon. With temperatures in the -30s, even light winds can occasionally produce very high wind chills as severe arctic blasts can freeze in minutes.

—Environment Canada's Feb. 1 forecast for Alberta and northern British Columbia

From the Yukon to the Hudson's Bay-Ontario border last week, there were many cases of frostbitten flesh. The craft cold and the snow storm from Alaska with devastating suddenness. It rained north in Alberta and British Columbia with offshore record-low temperatures early in the morning on Jan. 30 and by sundown had swept south to the border and eastward to Saskatchewan. In Edmonton, the temperature plummeted to -38°C from 0°C within seven hours, and a record-breaking 12 inches of snow fell on the city in 24 hours. That evening in Calgary 30-m.p.h. winds combined with -24°C temperatures to produce a chill factor of -65°C and a snow storm that burned streetlights. As it swept across

the West, the fresh winter storm caused 13 deaths, widespread power failures, school closings and shutdowns of airports and roads. By the time the winds had subsided three days later, windstorm victims digging themselves out in temperatures that remained below -20°C.

The frigid storm was one extreme of a bizarre cold-weather pattern. While the snow drift engulfed the West, Central Canada and the northeastern United States enjoyed almost spring-like weather at the end of one of the warmest Januaries on record. January 31, as the cold air mass approached Central Canada, New York City registered a record high for the date of 30°C. By week's end, the frigid air occupied a massive triangular area extending from the Yukon to southern Saskatchewan and southeast to Texas.

The storm hit hardest in Alberta. By the end of the week, the province counted eight deaths from the storm, six of them from heart attacks as drivers tried to push their cars out of the high-wind drift. Meanwhile, fire

trucks hauled 780 stranded vehicles off Edmonton's clogged streets, and the city's hospitals treated 13 frostbite victims. There were also tragedies at neighboring powerhouses in British Columbia, where one-day power blackouts affected as many as 20,000 people, two motorists died in accidents on icy roads. And three people died in Saskatchewan—one of them firefighters who, in separate accidents, froze after they left their stranded vehicles in search of help.

In the Yukon and Alaska, where the storm began, residents are remembered as readings of 40°C (-50°C). Still, it was so cold in the final days of a colder-than-normal January that many house-thermometers could not measure the temperature. But U.S. National Weather Service thermometers can read temperatures as low as -70°C, and the agency recorded a low of 60°C in northeast Alaska, only three degrees warmer than the coldest ever recorded in North America. At these temperatures, glass had to be ground because of ice fog. And although military investigators are still counting the crash of a Canadian Forces C-130 Hercules transport plane in Fort Wainwright, Alaska, which killed eight Canadian servicemen on Jan. 29, there was speculation that the accident may have been caused by the cold and fog.

While the winter storm raged into Alberta on Jan. 31, the temperature in Toronto recorded a unusually high high of 8°C. Eight days later, the city had enjoyed its warmest Jan. 23 in 22 years when the mercury soared up to nearly 9°C, making Toronto steady two degrees warmer that day than Jerusalem and Casablanca. While most of the city's 116 outdoor pools were reduced to slush, joggers wore shorts and men stripped to the waist to bask in the sun. But the remnants of the winter storm changed that by Feb. 2. Toronto registered a high of only -7°C.

The similar dream of a Toronto winter was still raining there was little snow on the ground. According to Environment Canada, Toronto's total snowfall of 12 inches since winter began is 60 per cent below normal. And that caused concern among local snowblower dealers. Justin Bonfield of Cycle World—Toronto's sporting goods store that sells snow-removal equipment—said that he still has a cold snowblower since mid-December. Added Bonfield: "It has been great."

For their part, residents of Winnipeg, Ont.—a town of 2,300 north of 180 km northwest of Toronto—tried to encourage the balmy weather. Each Groundhog Day—Feb. 3—townspeople take a get-goofing. Warden Wilson, outside they say that if Wilson sees his shadow, winter will last another six weeks. But if he does not, as happened last week because it was overcast when Wilson took his annual outdoor spring is just around the corner. And Environment Canada laid a similarly upbeat message. As week's end, snow forecasters were saying that the cold snap would end this week.

PAUL KAHLEA and PAUL GUNN in Toronto and JIM BUTLER in Whistler

## The winds of change

Alberta makes plans to elect a senator

For decades, the proposal has been the subject of debate, often heated yet invariably apocalyptic. But now, Alberta Attorney General James Horneau has secured his province to the threshold of taking the first decisive action toward reforming Canada's appointed Senate. Last week, Horneau applied the finishing touches to a bill for representation to the legislature's winter session, beginning on Feb. 13. It would, among other things, allow the province to elect a senator to represent the province in the Senate. The first elected senator in Canada will likewise change the face of the Senate. For the first time, every province's best constitutional experts are giving serious consideration.

Indeed, the governments of five provinces—the four in the West and New Brunswick—have expressed their support for the aims of the so-called Triple E movement for Senate reform: effective Senate reform. The movement takes its name from three demands for elected, effective Senate with equal representation from all provinces. And the March Lake constitutional accord has already given the provinces a voice in filling Senate vacancies and by giving the topic of Senate reform to the agenda of a First Ministers' conference to be held this year. But Horneau's initiative appears to be heading Alberta—and the Senate reform movement—toward a showdown with the federal government. Senator Lowell Murray, federal minister of state for federal-provincial relations, said on Jan. 12 in Fredericton that Ottawa has agreed under the March Lake provision that the provinces could select their own candidates for Ottawa to release from—on a staggered basis, which would be the case if the election that Horneau is planning. If Alberta did elect a senator, he could—as the provision stands now—hope for no more than consideration as a candidate.

The movement for upper chamber reform has drawn largely among westerners, particu-

Murray facing a showdown with the federal government

larly in Alberta. Until now, the federal government has had a free hand in appointing members of the 104-seat Senate, which reviews all legislation passed by the elected House of Commons. This composition of the Senate is determined on a regional basis, with 24 each from Ontario and Quebec, 24 from the Maritime provinces (10 each from New Brun-

swick and Nova Scotia and four from Prince Edward Island), 24 from the West (six from each western province), six from Newfoundland, and one each from the Yukon and Northwest Territories. Now, although the March Lake accord must be scheduled to go into effect until it is ratified by all 10 provinces—the deadline is June, 1990, for the two holding provinces, Manitoba and New Brunswick—the federal government is likely to appear to be conceding to its spark in filling any of the seven current Senate vacancies. Under the accord, the provinces may submit "the names of persons who may be nominated to the Senate" and the federal government will

make its choice. "From among persons whose names have been submitted," if Alberta ultimately submits only one name, that could pose a dilemma for Prime Minister Brian Mulroney's government. Said Ted Brown, a Calgary doctor former who is national chairman of the 6,000-member Calgary-based Canadian Committee for a Triple E Senate: "If the Prime Minister does not accept the will of the Alberta people, it will be an unacceptable slap in the face for democracy." On the other hand, if Ottawa did accept that person, it would encourage other provinces to take the same approach.

At the national level, the Triple E issue—election and equal representation—has proved considerable acceptance. A 1984 joint House of Commons and Senate constitution report began with a simple declaration: "The Canadian Senate should be elected by the provinces." And the March Lake preamble recognizes "the principle of equality of all the provinces," a phrase inserted at the strong urging of Alberta Premier Don Getty, a champion for Senate reform. But there's a price to be paid: total consensus of the Senate effectiveness. Said Horneau: "The last thing we want to do is paralyze Parliament by establishing two competing bodies. The Senate's role should be to protect the interests of the individual provinces in areas of joint federal-provincial interest such as immigration and agriculture."

For their part, officials from Quebec, after several meetings with Alberta officials and Triple E's Brown, said that their province would like to see Senate reform priority if March Lake is approved by Manitoba and New Brunswick. But Ottawa is less enthusiastic about the Alberta election initiative. "What Alberta is doing should not be confused with Senate reform," said Ontario Attorney General Ian Scott. "Until March Lake is passed, all this is a letter to a friendless Senate reform simply cannot occur without March Lake."

A serious candidate for the Alberta Senate vacancy has come forward, but Brown himself might be one. "I have never passed up an opportunity to promote Senate reform in the past anyway," said the Triple E campaigner. "This would be the ultimate challenge." Other potential candidates include former Manitoba leader of the Reform Party of Canada, which attracted 15 per cent of the Alberta popular vote in the last federal election on a platform of a greater western voice in national affairs, and former provincial Liberal leader Nick Tupper. But when Horneau's bill becomes law, as some estimates call for this summer, Canada's first elected candidate for the Senate—and, if Ottawa appoints him, a symbol for Senate reformers across the country.

JEREMY HORNBY in Calgary

## A NATION DIVIDED

## AN ECONOMIC CRISIS AND DEEP ETHNIC RIVALRIES THREATEN TO RIP APART THE YUGOSLAV REPUBLIC

Along Belgrade's stylish Knež Mihailov pedestrian thoroughfare last week, window shoppers eyed tempting displays of fur coats, Japanese-made stereo equipment and vintage shoes. Many passed in the Trnopska boutique—a small granite building built in 1928 as the floating residents' first life of the area. But instead of looking into the windows for good luck, passers-by sprinkled reddest paper money on the foaming water. Web fishermen in Yugoslavia raking at \$51 per meter, 100- and even 500-meter tubs have become almost worthless. And instead of becoming a symbol of the renewal of the capital's glory, polluted downtown cars, the location has quickly become a convenient to the economic disaster that is engulfing Yugoslavia.

The country's economic woes are complicated by growing rivalries between Yugoslavia's autonomy-seeking ethnic groups—only by the rising tensions among the leaders of its shoring Communist party in decades. For three days last week, Yugoslavs watched an interview with members of the party's 120-member policy-making Central Committee openly belittled, traded insults and failed to resolve their differences. On two occasions, senior military leaders issued strong warnings to the squabbling politicians that the armed forces would not stand idly by while Yugoslavia was pushed "toward the rocks of catastrophe." Admiral, Peter Štetić, political chief of the military, told the Central Committee that "if somebody has declared a battle for Yugoslavia, it will not be fought without the Yugoslav People's Army and millions of working people who have Yugoslavs' interest at heart than certain blinded and bureaucratically minded individuals."



While the Yugoslav army has no tradition of intervening in domestic politics, the army's recently strong statement underlined the civilian leaders' inability to take control. On Feb. 1, the Central Committee finally voted to hold a full party congress before the end of 1988—at least six months ahead of schedule—

to tackle Yugoslavia's mounting problems. But at the same time, party president Stipe Štverac made a poignant admission: "At the moment, we are incapable of taking historic decisions," he said. "We are fighting on rails for the right to hold a full party congress before the end of 1988—at least six months ahead of schedule—

to tackle Yugoslavia's mounting problems. But at the same time, party president Stipe Štverac made a poignant admission: "At the moment, we are incapable of taking historic decisions," he said. "We are fighting on rails for the right to hold a full party congress before the end of 1988—at least six months ahead of schedule—

Seror (left), Milićević, a struggle for party leadership



and social unrest. Even senior party officials last week described their country's plight as a crisis. And for ordinary Yugoslavs, there were daily reminders that life is getting worse, not better. Last week alone, the government announced dozens of new price increases—including a 48-per-cent rise in electricity rates and a 35-per-cent increase for baby food.

For Mirjana Knež, a young mother who was joining the Trnopska boutique one day last week with her two sons, rampant inflation means a constant struggle to feed her family

year ago, for example, it took 862 Yugoslav dinars to buy a German dollar; last week, the rate jumped to 3,078 dinars per dollar. The average monthly wage in Belgrade is about 600,000 dinars—now less than \$120.

Those economic tensions have fueled growing ethnic unrest. Since last year, the country's eight million Serbs, by far the largest ethnic group, have experienced an awakening of national pride that has challenged Yugoslavia's complex federal structure. The focus of their outrage is alleged discrimination by ethnic Albanians against Serbs in the southern province of Kosovo. That underdeveloped province, the historical birthplace of Serbian culture, is now 90 per cent Albanian. And Serbs loudly proclaim that the 200,000 Serbs remaining there are being forced out by harassment, arson—and even rape. There are few numbers to support their claim. But Kosovo has become a charged national issue for Serbs that cuts across class and ideological lines. "There is virtual animosity over Kosovo," said Risto Cvetković, a house night activist in Belgrade. "The Serbs and this has been wounded."

The issue also contributed to the antiethnic rise of Yugoslavia's most controversial political figure, the Serbian Communist leader Slobodan Milošević. Popularity known as "Stebić," Milošević rode the wave of Serbian national feeling, orchestrating a series of mass rallies that aroused fear among other ethnic groups. Critics charged that he was acting like a demagogue. Rallies or-

## Minority discontent: lower living standards

"We aren't eating as well now as we did before," he said. "Sometimes I don't buy meat—it's just too much." The worst victims, said Knež, are shopkeepers who have goods sold on credit. "They put their advantage," she said angrily. "The old store, what can you do? Someone else will come along and buy it anyway."

Other signs of falling living standards are evident throughout Belgrade. Western diplomats say that they notice increasing numbers of people scavenging through garbage cans and meat-boned outdoor markets for scraps of food. Long lines form early in the morning for "people's bread"—a type of coarse black bread that the government requires bakers to produce at one-third the price of the more widely preferred white bread. And middle-class Yugoslavs complain that traveling abroad has become prohibitively expensive. Just one

groomed by Milošević's allies is favored by top Communist officials in the Serbian province of Vojvodina to resign in October. And those who resign, mostly in corporations, suggest the entire political establishment in the neighboring republic of Montenegro.

Milošević's grip on Serbia contrasts sharply with the virtual political vacuum at the center of the country. Yugoslavia's constitution gives all six of the country's population veto power over almost all federal legislation—including the budget. Designed by Josip Tito, the father of modern Yugoslavia, to ensure a balance among the five ethnic and religious groups, the system worked while Tito remained alive to arbitrate disputes. But when he died in 1980, he was followed by a succession of nondescript leaders without the power needed to put the country together. Even the Communist party, which once bedged national democracy, has effectively dissolved along regional lines. "There really is no Yugoslav

## World Notes

## POWER SHIFT

South African President P. W. Botha, 74, who suffered a stroke last month, is expected as leader of the ruling National party but remained, at least for a time, as president. Executive Member President de Klerk, 52, was elected party leader and is a leading candidate for president should Botha step down.

## ACID RAIN PRIORITY

Albania's newly elected U.S. Senate committee is considering his nomination as head of the Environmental Protection Agency, and that the administration of President George Bush is preparing new legislation to curb acid rain.

## MARCOS'S ROUSSEAU

Philippines Vice-President Salvador Laurel flew to Honolulu to see ousted former president Ferdinand Marcos, 71, who was a critical critic of the Marcos regime. The vice president is likely to make a concerted effort to oust government permission for Marcos to return to the Philippines. President Corason Aquino has said that she would consider his return only if Marcos gives back billions of dollars that her government claims he stole during his 20 years in office.

## CUTTING BACK IN MANAGUA

Neighboring President Oscar Arias announced a tough austerity program to battle inflation and increase investment. Officials said that the national budget would be cut nearly in half and that 35,000 public employees, armed troops and security police would be laid off.

## SHARANSKY NOMINATION

Former Soviet dissident, Natan Sharansky, 51, was proposed as Israel's ambassador to the new—pending approval by the Israeli cabinet. Analysts said that the nomination would have been Israel's boldest relations with the Soviet Union.

## AGREEMENT IN LEBANON

Raid State Modest salaries, the Syria-backed Assad and Israeli-backed Haddad, agreed to end a year-long dispute, in which more than 140 people died.

## CELEBRATING IN IRAN

Iran marked the 10th anniversary of the Islamic revolution, which ousted 2,500 years of monarchy. Tehran's streets were filled out in Islamic flags, revolutionary posters and portraits of Ayatollah Ruhollah Khomeini, whose regime announced that thousands of prisoners would be freed.

Communist party," said Branko Pribičević, a political scientist at Belgrade's University of Belgrade. "There are two or eight parties and they don't agree on much at all." Added Pribičević: "We are divided among so many cultural groups and have wide economic differences. There is no such homogeneous society in Europe—maybe even in the world. How can you develop a system that suits everybody?"

The disparity at the federal level events augments a degree of political openness that is remarkable for a country still nominally run by Communists. A Serbian-Croatian translation of Severin's late Alexander Solzhenitsyn's *Gulag Archipelago* is on sale in Belgrade bookstores—as is a wide array of locally produced self-censorship. More daring elements of the Yugoslav press, including the Slovenian magazine *Alfama* (South), publish exposés of government corruption. And independent political groups that may develop into full-fledged parties are springing up in Slovenia, the country's most liberal republic, which borders Italy and Austria.

Even Yugoslavia's most notable dissident, 77-year-old Milovan Djilas, has been able to express his heretical views in interviews with Yugoslav magazines. Djilas was Tito's closest associate in the Communist leadership immediately after the party took power in 1944. That he was purged in 1954 and was imprisoned for nine years as a traitor. His most widely read book, *The New Class*, was a landmark study in how communism breeds a bureaucratic dictatorship—and his still not been published in Yugoslavia.

Now Djilas lives with his wife in a third-floor apartment in a nondescript building just a few hundred meters from Yugoslavia's parliament buildings in central Belgrade, where the Central Committee held its three-day meeting last week. "Communism as a whole is at crisis from Belgrade to Peking," he said last week in his study, lined from floor to ceiling with hundreds of books in several languages. "And Yugoslavia is in some ways a laboratory of this crisis. It is the most advanced country in experiencing the crisis, the kind of things you see here will happen in other socialist countries."

But Djilas, the key to reforming the system is to end the political monopoly of the Communist party and allow other parties to compete for votes. "The seats of the crisis are political," he said. "The system we have now cannot function and will not survive. Even now, we don't have a truly communist country in the classical sense—just different sorts

of subdivisions regimes in different parts of the country." In a reflective mood, the dissident recalled: "When I was young, before we took power, it was absolutely clear what socialism was. But when we took power, it was no longer so clear. Now nobody can tell you

## 'WE HAVE TO FIND OUT WHAT MAKES PEOPLE'S LIVES BETTER AND GET OUT OF THIS CRISIS'

honestly and clearly, what is socialism." Even Yugoslav government officials echo Djilas's message that it is futile to argue over the differences between socialism and capitalism. Dragoje Zorović, a professor and adviser

across the country's decline. Western diplomats describe Marković, who ran one of Yugoslavia's most successful heavy-machinery plants before entering politics, as a pragmatist and economic liberal. "He's a smooth operator," said one diplomat. And Staniša Marinković, editor of the Belgrade-based daily *Borba* (struggle), said that "Marković is the first person outside the party who has seen the way who comes from business. He speaks like an American—very pragmatic, not ideological."

Marković supported many observations on Jan 28—two days before the start of the Central Committee meeting—in his first major speech since his appointment. He went further than any previous Yugoslav leader in calling for a fully market-driven economy, foreign investment and political pluralism. In a televised address, Marković declared bluntly, "Everywhere in the world, socialism has so far failed to produce efficiency and political democracy."

But Marković will not take office until at least late February—and he will have his work



Central Committee meeting in Belgrade: "There really is no Yugoslav Communist party."

as economic reform to the new administration in Yugoslavia promise, said that the only worthwhile test of a policy is "whether it works." "Socialism has been successful in only two fields—sports and the production of weapons," he said with a smile. "Now, we have to find out what will really make people's lives better and get us out of this crisis."

Following last week's Central Committee session, many Yugoslavs were looking toward the country's newly appointed prime minister, 64-year-old Ante Marković, as their last hope. The previous prime minister, Branko Mikulić, resigned on Dec. 30 after his policies failed to

cut out for him. Yugoslavia's foreign debt is estimated at \$35 billion, and inflation shows no signs of slowing down. In just the first three weeks of 1980, prices soared by an average of 18 per cent. And although any lasting improvement in the economy depends largely on attracting foreign investment, containing inflation will almost certainly scare potential investors away. For Yugoslavs, however, the hope was that their new leader could beat the odds—and break their seemingly relentless cycle of chaos and decline.

ANDREW PHILLIPS in Belgrade

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## THE UNITED STATES

## A folk hero on trial

The soap opera fans judge 'Ollie' North

In a U.S. district courtroom No. 6 in Washington's Constitution Avenue last week, lawyer Brendan Sullivan peppered a Pentagon mail clerk with questions about her trip to Naples Falls, Ore., during the week-end of July 4, 1987. Did her Caucasian model have color released? What programs did she watch? Then Sullivan asked if she had ever seen the handsome figure in a blue business suit sitting impassively at the defense table. For several seconds, she stared silently at retired Lt. Col. Oliver North, the former White House aide whose on-day televised testimony before the joint congressional committee investigating the Iran-contra arms scandal 19 months ago had riveted the nation, turning him into an instant folk hero. His face had blundered TV screens and newspapers in a frenzy of adulation. But "Olliesness," as local-line writers nicknamed it, had clearly escaped the attention of the Pentagon mail clerk. "No," she shook her head. "I never saw him until yesterday."

With that, she qualified herself to join 54 other Washingtonians—approved by North's lawyer, Sullivan, as "interested" by prior knowledge of the case—to serve as potential jurors in a trial on 18 criminal charges amounting from his activities in the foreign policy scandal that rocked Ronald Reagan's presidency.

The mail clerk's startling admission may have dented the celebrity status of the ex-vice who has recycled himself into a \$30,000-a-speech star of the banquet circuit, where one last recently bailed him in an "America's hands on patrol." At the same time, some lawyers questioned whether jurors who are ignorant of current events are capable of judging North in what promises to be a complex trial. But after another jury returned transfixed that satiating snippets of news on the Iran-contra hearings—instead of her favorite TV soap opera—"was like looking at the Three Stooges," one commentator predicted that the jurors may prove more naive than grandstanding congressmen did at unrelenting the Iran-contra case. Retired Washington Post columnist Mary McCarty "People who follow soap operas can follow evidence and can pick up details that get lost in more distanced news."

North faces charges of blocking or misleading government inquiries into the secret arms sales to Iran, as well as taking gifts and com-



North: a \$30,000-a-speech star of the banquet circuit

es—including a \$16,000 security system—while he was on the government payroll. But more than two years and \$15.7 million after special prosecutor Lawrence Walsh began his investigation, those so-called charges are all that remain of an original 16-count indictment that once threatened to tarnish even President George Bush.

Early last month, the White House delivered a general plea to Walsh's case by refusing to release more than 200 classified documents that North claimed he needed for his defense. But some legal experts point out that by forcing Walsh to drop broad-ranging charges of conspiracy derived from the government of \$16.6 million in profits from the arms sales—Sullivan may have actually denied his client's case. Not only are the remaining charges easier to prove, but, because they involve lying and perjury theft, they also disavow the aura that has surrounded North ever since Reagan saluted him as a "national hero."

In fact, as North showed up for court last week without his uniform and rows of deco-

rons, Olliesness—at least in Washington—appeared to have passed the way of the Hula Hoop. Outside, no demonstrators marched with placards and not a single wonder peddled Ollie souvenirs. Inside, only 12 spectators dotted the spacious courtroom. But North retains his sense of the dramatic. Remarking on his trial as an interview on this month's *LA* magazine, he declared, "All things being equal, I would prefer to be leading a battalion in harm's way at the outer edge of the empire."

Coached by television legal expert James H. Kasser, North has become a fast-moving wire, charming out speeches and recorded telephone solicitations for the half-free 400-number of his North Defense Fund. On an average weekend, jailing between personal appearances, accompanied by two bodyguards and a publicist who once worked for television's Jerry Falwell, he can make nearly \$120,000. North's efforts earned him about \$2.4 million over the past year, supplementing his \$28,140-a-year military pension, paying his seven-member personal staff and defraying his massive legal bill, already estimated to total \$2.6 million. But they have also kept the flame of his memory burning in parts of the country that he finds more sympathetic than Washington.

There, the fading of his star has already hit politicians at least one key measure that resulted from the Iran-contra scandal. Last week, in a gesture at goodwill toward Bush, House Speaker James W. Wright announced that he would not introduce a bill demanding that the White House retake Congress of any covert operations within 48 hours second of the previously vague "timely" period.

While interest in the trial appears to have diminished, its theoretical potential has not. Prosecutor John Kiser, a noted San Francisco defense attorney, has not only developed a reputation for compelling courtroom performances but, like North, is a movie hero of the Vietnam War, with a Purple Heart. In a textbook Kiser coached two years ago on cross-examination techniques, he displayed his client's case. "I don't see him." But of North's success in his attempt to call Reagan to testify—demanding that he show up in person instead of relying on writing—Kiser may have trouble convincing the ex-president to share his trouble.

MARIE McDONALD in Washington



Reagan: a 'national hero'

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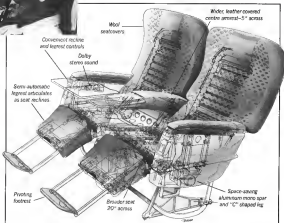
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WORLD

PARAGUAY

## Revolt in a fiefdom

*An army coup topples strongman Stroessner*

**H**e came to power in a bloody military coup in May, 1988, and for nearly 30 years ruled Paraguay as a virtual dictator. But on the night of Feb. 2, army rebels, backed by tanks and artillery, surrounded the home of President Alfredo Stroessner on the outskirts of the capital, Asunción. During the next eight hours, fierce street fighting between the rebels and loyalists left as many as 300 people dead. Shortly after daylight on Feb. 3, Gen. Andrés Rodríguez, the coup leader and the country's second-most powerful military commander, told the nation in a radio broadcast, "Gen. Stroessner has surrendered and is under arrest." With that, the 40-year reign of Stroessner, 76, Latin America's longest ruling leader, came to an abrupt end.

Stroessner had dominated the isolated South American country of four million people through a combination of political cunning and ruthless repression. A state of siege has been enforced almost continuously since 1985. The general regularly purged the membership of the ruling conservative Colorado party, essentially divided the spoils of office between the party and the military and cultivated the support of the business community. For those reasons, last week's coup surprised many Paraguayans. But shortly before the rebellion, diplomats in Asunción said that Rodríguez, 64—whose daughter, Marta, is married to Stroessner's youngest son, Alfredo—had refused to order his army to give up his command and rotate. And the coup followed a growing dispute within the Colorado party between loyalist militants and so-called traditionalists attempting to distance the party from Stroessner's authoritarian leadership.

Less than 24 hours after the coup, Rodríguez took the oath of office as Paraguay's new president and swore in a non-member cabinet composed of seven civilians, an active general and a retired general. At the same time, Stroessner was ordered out of the country and reports that he was heard for code in Chile, ruled by fellow dictator Gen. Augusto Pinochet. For a man who had been offered asylum to deposit strongmen Juan Perón of Argentina in 1955 and Anastasio Somoza of Nicaragua in 1979, it was a familiar ritual.

ANDREW LILLY with correspondents' reports

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## AFGHANISTAN

# Rising fear in Kabul

*Afghan insurgents close in on the capital*

**A**lready the insurgents were closing in for the kill. As Soviet troops stepped up the pace of their withdrawal from Afghanistan last week, Mujahideen guerrillas pressed their attacks on Soviet-controlled areas and prepared for an assault on the Afghan capital, Kabul. Soviet officials said that on the 400-km-long Salang Highway, the main road between Kabul and the Soviet border, frequent attacks by the rebels caused unspecified but heavy civilian casualties at nearby villages. This, the official Soviet news agency, claimed that the rebels had begun using rockets and artillery to fire on previously untouched cities. As a result, "this said, the Soviet-backed Afghan foreign ministry sent two protest notes to the United Nations, blaming neighboring Pakistan for supplying "militant groups in violation of the provisions of the Geneva agreements" under which the Soviets are withdrawing. They were the 281st and 282nd such protests the country has made—a fami-

lar and little intrusion in the one-year war. Those gestures, which the U.S. did not answer formally, underscored the increasing belligerence of the Soviets and their Afghan allies as the Feb. 15 deadline for the withdrawal of Soviet troops draws closer. Despite numerous last week by President Najibullah, the head of the Soviet-backed regime in Kabul, that his government will continue to rule, the guerrillas seemed expressly confident. "The regime will fall in weeks, not months," predicted Gulbuddin Hekmatyar, leader of one of the 15 guerrilla groups fighting the government. More eloquently the observers took a similar view. Jim Glickson, the U.S. chargé d'affaires who supervised the closing of his nation's embassy in Kabul last week, told a news conference in New Delhi, "The perception is that the current order in Kabul is collapsing, and the regime is like a building without pillars." The American Embassy was one of six Western diplomatic missions that closed in the past

two weeks. Valeri Pecherin, an official with the Soviet foreign ministry, charged that the closings were intended "to aggravate the situation, rather than to promote peace." By last weekend, seven Canadian civilians, represented by the British Embassy, remained in Afghanistan; only two Canadians intended to stay in the country after completion of the Soviet pullout—Richard Pearson, who directs the International Aid Mission in Kabul, and Elizabeth Corrie, a registered nurse with the international committee at the Red Cross who was planning to fly from Geneva to Kabul early this week. "I don't feel endangered," Corrie, 28, of Beaconsfield, Que., told Maclean's. "I'm really excited about it. Working with the Red Cross, we have a certain protection that maybe other people don't have." Some experts speculated that the swift pace of withdrawals indicated that all Soviet troops may have left by Feb. 15. Said one Moscow-based *Pravda* columnist: "It looks as though they just want to get the hell out as fast as they can."



Soviets guard food supplies in Kabul's hunger and cold

Still, critics charged that the Soviets were dawdling in such effort to offshore India to their interest. Itch's based in Pakistan and that more than 600 civilians had died and

another 1,200 had been injured in Salang Highway villages that were recently hit by last Soviet m-1 Scud long-range missiles. In Washington, U.S. state department spokesman Charles Robison said that heavy Soviet bombing raids constitute "what might even be called a scorched-earth policy." Soviet officials maintained that the missile strikes were intended only to get their troops out safely. Whatever the case, there were indications that the shelling would continue even after the Soviets left: last week, a convoy carrying 300 Soviet soldiers numbered along the Salang Highway to Kabul.

At the same time, in an effort to coordinate a withdrawal with the rebels, Foreign Minister Edward Shevardnadze planned to travel over the weekend to neighboring Pakistan, where several guerrilla groups are based. But Kabul's two million residents, expecting the worst, were equally nervous. After the rebels attempted to block food shipments to the city, crowds lined up for hours to receive

crations of flour flown in by the Soviets. Residents bought U.S. dollars on the black market for four times their official rate, and cars queued up for blocks outside filling stations as supplies ran short. In Moscow, TASS, which said that Kabul was suffering from "appalling poverty and severe food shortages," blamed guerrillas hoarding rice, flour, sugar and fuel. Meanwhile, power cuts left most Kabul residents without heat during the coldest winter in decades, with temperatures averaging -18 C. Najibullah, who told coalition Khat, the coalition Afghan security service, continued to appear outwardly confident. As a news conference late last week, he said that he expects his ruling People's Democratic Party to eventually form a coalition government with the rebels, who have already rejected that suggestion. He also said that his government was "in full control of the situation."

Five observers, however, appeared to caution. After the last 11 members of the American Embassy left Afghanistan last week, many of these jagged champagne corks in celebration. Many Soviet soldiers, crossing the border into their own country, did exactly the same. Gen. Boris Gerasimov, the commander of Soviet forces in the country, said that on Feb. 15 "I will be the last Soviet soldier to cross the border." After that, many of his troops may consider Afghanistan a good place to forget.

ANTHONY WILSON-SMITH is in Moscow with MARY NEMETHY in Toronto

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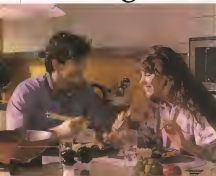
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# BREAKING BARRIERS

## THE GOVERNMENT IS REMOVING THE LAST REGULATORY OBSTACLES FROM THE BANKS AND TRUST COMPANIES

The replacement of Thomas Hocken, 50, as minister of state for finance last week was a clear signal of Ottawa's intent to ease restrictions on banks and the ownership of trust companies—restrictions that Hocken had wanted to extend. Now trust companies will likely retain the right to be widely owned by individuals and corporations. Banks in turn, will be allowed to sell everything from insurance to car loans through their vast network of branches.

Hocken had failed to rule the wave of deregulation that has washed through Ontario since the Conservative victory in 1985. And during his tenure, the federal government was frequently left behind by more aggressive provincial counterparts who were quickly lifting financial restrictions. Deregulation from Quebec was particularly strong, led by such powerful figures as Paul Desmarès, head of Montreal-based megacorporate Power Corp. of Canada. Now, Hocken's replacement by Quebecer Gilles Lussier, 56, is widely interpreted as a stamp of approval for a less rigidly controlled financial sector.

Despite the protracted struggle over reform, Ontario insiders and that Hocken's proposals released in December, 1986, never had a real chance of implementation. The federal government has been struggling to make sure the financial services sector for years. For years and pressure for a new set of laws had become intense. But the process of change was stalled by opposition to Hocken's proposals from almost every sector. By last summer Quebec's premier Jacques Parizeau had succeeded in publicly embarrassing Hocken

a merit that critics said violated Hocken's personal policies.

Top-level angry bankers and public-derogation should still further. Wilson and the banks reached an agreement delaying American Express's bank charter until banking reforms have been passed and law—perhaps up to a year. The new legislation will expand the services that banks can provide to their customers, including some now offered by American Express, such as insurance. But Canadian Bankers' Association president Robert MacIsaac also added that the computer does not go far enough and that the question of bank ownership is still unsettled. Currently, no group or individual can own more than 10 per cent of a Canadian bank. With that, the deregulation debate will be thrown wide open, is the

aid as Ottawa-based security industry lobbyist said that Hocken was well intentioned but naive. Said the lobbyist, who requested anonymity: "He really believed in those principles, even though they were unrealistic."

It was the aggressive pursuit of financial reform that created the biggest obstacles for Hocken. As part of the Quebec government's long-stated commitment to a distant society, Parizeau led a powerful group of businessmen and politicians intent on providing greater powers for such Quebec-based conglomerates as the Power Corp., which controls Montreal Trustco Inc., tobacco giant Imasco Ltd., which owns Canada Trustco Mortgage Co., and Laurentian Group Corp., a diversified insurance firm.

But Hocken was determined to proceed with his plans, and he said that he would try to force such firms to sell all some of their trust holdings. Affected conglomerates would have included Imasco, which would have had to reduce its 96 per cent holding in Canada Trust to 66 per cent. The rule was intended to protect the safety of deposits by reducing concentration and increasing the level of public scrutiny. But critics said that the rule would be ineffective and an obstruction to expansion. Parizeau said that Quebec wanted to loosen restrictions to foster the growth of "home-grown financial corporations."

Parizeau had determined supporters, including Quebec Premier Robert Bourassa and federal president Robert de Groot. Desmarès has close ties to the Mulroney government, and Laurentian president Claude Gosselin was a consistent critic of the Hocken policy. And Parizeau also advised the support of the other provinces. Last March, he sent an angry letter to Hocken protesting the

proposed ownership restrictions. Four other provinces agreed the outcry and, by June, Hocken acknowledged that implementation of his proposals would be delayed until the dispute could be resolved. The legislation died when it failed a federal election was called.

Soon then, financial deregulation had continued, although countered by because of the lack of an all-encompassing federal policy. Said bank analyst Terry Shawcross of Merrill Lynch Canada Ltd.: "The institutions are flying by the seat of their pants." Quebec trust companies guard some banking powers last year, including the right to make loans to businesses, and insurers will soon be permitted to sell stocks. In response to guidelines from the Ontario Securities Commission released last month, several Ontario dealers have applied for bank or trust

Canadian bank. American Express had regularly supported free trade and a successful preliminary approval on election day last November. The banks charged that American Express had received favorable treatment and that the new bank would be permitted to offer products and services that were specifically denied to other banks under Hocken's proposed reforms. Said Steven Kossler, bank analyst at Toronto-based Prudential-Bache Securities Canada Ltd.: "The state policy was against the status-quo among all financial and commercial customers. To abandon that by going through the back door is something regulation should not do very carefully."

But despite the continued dispute, last week's events indicated that a resolution is near. Wilson said last week that by midyear he



A Toronto-Dominion Bank trading floor: new rules and expanded powers

intends to suggest their existing business.

One broker, Marathon Brown & Co., signed an office in a Toronto Guaranty Trust Co. of Canada branch in April after the guidelines were released. And at the federal level, the battle over ownership restrictions has been resolved. Very few dissenting comments. Donald Binkley said that financial companies will be regulated in several new ways, including increased requirements for accountability among corporate directors. Said Binkley: "The general policy of the government is now opposed to Hocken's proposals."

But the uncertainty caused by two years of delay and shifting policies has left a bitter aftertaste. Last month, an anonymous dispute arose between Canadian banks and the finance department over Wilson's approval of the application by American Express to establish a

company to present "First," a series of films refreshing the role of financial institutions. And from the perspective of Toronto-Dominion Bank president Robert Korthals, times have already changed. He added: "The degree of separation promoted by Hocken has failed. American Express is the new thinking. Lussier will make peace with Quebec and the Quebec style of deregulation will prevail. Basically the business will be split open." For Canada's long separated financial sectors—the so-called big pillars of banking, insurance, trust and securities—it is a brand new world, with freedom to engage in selling almost any type of financial product. But for Thomas Hocken, it is a disappointing downturn in his political career.

PATRICIA CHISHOLM with MARG CLARK in Ottawa and JOHN DUMFRIES in Toronto

## Business Notes

### GLOOM FOR RSH PROCESSORS

Already suffering from a costly strike, Canada's two largest film processing companies are now concerned that the federal government may slash RSH's northern cut quotas, which could cut the companies' reliance on lost revenues. Film Producers International Ltd. and National Sea Products Ltd. requested that quotas in their states be looked last week after the losses of the outbreak caused large waste blocks to change hands.

### THROUGH THE ROOF

Canadian spent more on buying resale houses during 1985 than in any other year. The total across Canada was \$40 billion, a 25-percent increase from 1987, according to the Canadian Real Estate Association.

### STOCK TO GROW

The Bank of Montreal Co., the third largest bank in the United States, says that it wants to build more branches across Canada. Detroit-based Stock already owns 20 per cent of Montreal's Bank of Montreal Co. of Quebec, Co.

### BREAKING INTO MOSCOW

Bank & Whiskey became the first Russian company to set up shop in Moscow since the Bolshevik revolution. They fully staffed, it will employ about 50 accountants and consultants.

### CHINA'S WHEAT IMPORTS

Because of a poor harvest, China, one of Canada's top customers for wheat, will import more grain than any other country next year, the International Wheat Council said.

### U.S. DEFICIT TO CLIMB

Congress says that the 1990 deficit will be almost \$36 billion higher than the White House had originally estimated. It forecasts the deficit at \$34 billion, which will exceed the \$120-billion limit set by law for 1990.

### CANADIAN THE ROLLS ON

Toronto-based Canadian Tire Corp. Ltd. may announce a new product line within the Imperial Oil Ltd. segment in the takeover of Toronto's Canada Inc. Analysts say that Canadian Tire may buy the stations because it has a long-term contract to buy gasoline from Toronto Canada.

### SONETS TURN TO SAATCHI

Moscow's advertising authority has hired U.S. marketer advertising agency Saatchi and Saatchi to help it develop television and radio advertising sales.



# The surging markets

Small investors waver while stocks climb

**T**he old adage that greed and fear make stock markets go, has nearly become more accurate. On Jan. 24, the bellwether Dow Jones industrial average regained the last of the 568 points that it lost when it crashed on Oct. 19, 1987. The Toronto Stock

by the same number of stock market scandals spreading through Canada, the United States, Europe and Japan. Scott Lavery Lewis, chairman of Cancon, Clark & East Investment Management Ltd., a Vancouver-based pension fund management firm, "Many small investors are



Wall Street brokers being arrested. Retail investors are depressed and scared

Exchange's 1961 300 Composite Index has also rebounded, swelling the surge a succession of postcrash highs. And the market can go higher because many large corporate investors still have record amounts of cash on hand. Some experts say that positive economic developments—such as a cut in interest rates—could spur these firms back into the markets and send prices spiraling upward. But other analysts say that the current rally will be limited by small investors who saw their holdings collapse on Black Monday and are still apprehensively staying on the sidelines.

The global rally, which has also pushed markets higher in Tokyo, Hong Kong and London, is being propelled by people using other people's money. They are primarily major institutional investors, including managers of pension funds—who are buying blue-chip stocks and securities in firms that they expect are trading too cheaply as are takeover targets. But to date, there is little evidence that small, individual investors are re-entering the market. And their concerns may be increased

ally feel that the stock market is a rigged game, which can only be played by the professionals."

The scandals began in the last months of the five-year-long bull market that ended in Black Monday's spectacular collapse. In May, 1986, police arrested New York City attorney Ivan Boesky, who, in exchange for the relatively light sentence of three years in jail, gave investigators details of a vast web of insider trading. And last month, officers of New York City brokerage house Donald Ruggles Lambert Inc. pleaded guilty to six felony counts, five of them involving fraudulent transactions with Boesky, and the Securities and Exchange Commission fined the company \$150 million. And Michael Milken, the firm's leading lightestreet

hard salesman, is also expected to be charged. As well, last month, a sweeping U.S. Federal Bureau of Investigation operation uncovered widespread fraud on the Chicago futures exchange. At the same time, the insider trading controversy has touched one of Canada's most famous families and has reached the top of the French and Japanese governments.

In Canada, former B.C. premier William Bennett was charged by both the Ontario and B.C. securities commissions with taking advantage of an illegal inside stock tip involving the major provincial forest products firm Dorman Industries Ltd. The lag list of stock market scandals may lengthen later this month, when the Ontario Securities Commission (OSC) is expected to lay criminal charges following its own five-year insider trading investigation. As a result of the scandals, some analysts say that many small investors are still apprehensive about returning to the market, despite the current surge.

But larger investors appear to be convinced that the three-month rally in stock prices is a clear indication that another full-fledged bull market is under way. U.S. investors have been purchasing large blocks of stock in blue-chip companies that appear to be undervalued in the postcrash market. And in Canada, the large professional investors have helped send stock values higher by purchasing both securities as top firms and shares in companies that they believe will be taken over or merged. As well, they have been buying into firms including The Molson Co. Ltd., Carling O'Keefe Breweries of Canada Ltd. and Consolidated-Bathurst Inc. These firms have been involved in mergers and takeovers over the past three weeks and, as a result, are expected to show stronger profits in 1988.

Many experts say that the recent North American rally is an endorsement of Canadian and U.S. fiscal policy. Institutional investors in both countries evidently feel that the high interest rate policies of the Bank of Canada and the Federal Reserve Board have kept inflation under control, and as a result, the seven-year economic expansion may slow but not collapse. Some stock portfolio managers say that large investors, who normally react negatively to interest rate increases, are taking the long-term view and have accepted tight interest rates as necessary to prolong economic expansion. Scot McEwen, treasurer, vice-president of Elton and Page Ltd., a Toronto-based investment counselling firm, "Many professional investors have simply begun looking at the bright side of

Boesky: a light sentence



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Meanwhile, many small investors are clearly not buying into the latest market rally. During 1987, Canada net sales—sales minus redemptions—of Canadian common stock funds all funds were \$1.6 billion. And during 1988, investors actually sold off more equity mutual fund shares than they bought. Said Thomas Hynes, national sales manager for Decus Morgan McEwen Brown Ltd., a Toronto stock brokerage firm: "Most retail investors are depressed and nervous."

In fact, many analysts say that the array of nervous small investors should stay on the sidelines. Most professional market-watchers predict volatility in the period ahead—it's level and the long-term economic picture dark, and the investment community has had a chance to examine how President George Bush will try to deal with his country's budget deficit and trade deficits.

Used time, says Robert Kenna, chief of the Toronto-based Toronto group of mutual funds, individual investors who want to get back into the stock markets should try their money in equity mutual funds, which means greater diversification and professional management. Others, including Toronto analyst Jim McNulty, the author of the influential stock market newsletter *Contraband*, say that Kenna's relatively safe strategy is still too aggressive for today's semi-consolidated markets. McNulty said that small investors should stick with money-market investments and avoid stocks altogether. He added: "The recent rally has served to put investors into a state of complacency. Anyone who is in the stock market today should know where the risks are."

The risks to these funds will be increased by a very stock market record that is about to further hit investor confidence in the rise. The one plan to change are high-risk investments and industry officials later this month following a two-year insider trading investigation. When contacted by *McNulty*, the individuals believed to be involved seemed to consent to the allegations.

But the one has been as easy as 12 members of its staff working on the case full time since it broke in March, 1987 after Toronto real estate developer John McEwen—now living in Boca Raton, Fla.—complained to the commission about a share purchase that involved Michael Boudreau, then president of Toronto-based Dominion Securities Inc.

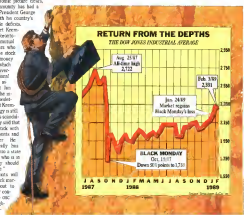
McEwen said that he had received tips about impending large purchases of shares by major investors and that he and Boudreau used the

information to buy in advance and reap the profits after share prices rose. The relationship started after McEwen purchased a large shareholding in Dome Petroleum Ltd., the former Calgary oil company that has merged with Calgary-based Amoco Canada Petroleum Co. Ltd. A short time later, Dome short prices plummeted and McEwen changed to the long.

But the expected short charges and investigation are far less extensive than the two-year insider trading investigation that was expected from by leaders at the world's two largest futures exchanges—the Chicago Board of Trade and the Chicago Mercantile Exchange. The United States department of justice has issued subpoenas to almost 250 Chicago-area futures trading

investments. He added, "I'm sure they're not spending all the money for nothing, they're not spending."

Another insider trading scandal is also threatening to erode trust from investor trust. International Securities' government. Last week, the French state prosecutor's office opened a criminal inquiry into insider trading allegations against two prominent Socialists: businessman who made large insider trading profits by buying thousands of shares in Truégie Industries Inc., a New York City-based publishing company, the week before it was taken over by Polygram, a large television company owned by the French government, sending Truégie's shares soaring.



At the same time, in Japan, at least 16 additional politicians have admitted that they—or their aides—benefited by buying cheap, insider shares in a subsidiary of Ricoh Co., an information and publishing conglomerate. The shares reached in value soon after public trading began. But in Canada, insider revelations are just beginning. And analysts say that the outcome of pending cases could make the country's already-scrutinized insider trading more complex—regardless of how high the market soars.

JOHN DEMBOSKY with JIMMY GALT  
in Toronto



## Apartheid and the Canada connection

BY PETER C. NEWMAN

When the foreign ministers of eight Commonwealth countries met at Harare, Zimbabwe, this week to review the effectiveness of their sanctions against South Africa, one issue on their agenda should be an annual, \$900-million interest loan to the country's leading resource conglomerate by the Bank of Nova Scotia. What makes this transaction bizarre is that Rateral Affairs Secretary Joe Clark, who is closing the Harare conference and who has led the Commonwealth's battle against apartheid, has not taken a stand against the loan, however indirect its connection with South Africa.

The Bank of Nova Scotia has a part of the financing for a \$4.4-billion acquisition attempt by Johannesburg-based Minors of Ltd. London's giant Consolidated Gold Fields Inc., the largest takeover bid in British history. Also involved in the syndicate backing the conglomerate transaction are General's Bank, Bank Corp., New York City's Chemical Bank and West Germany's Dresdner Bank. Although Minors itself, which is a Luxembourg-based steel company, has no South African holdings, it is owned by the Oppenheimer family, which controls the giant De Beers diamond monopoly through Anglo American Corp.

The Oppenheimer empire of 680 companies owns assets of more than \$20 billion and manages \$600 billion. The current offer to buy 70.6 per cent of Consolidated, which would create the world's largest gold mining operation, is part of the Oppenheimer family's sophisticated attempt to diversify its holdings and move its assets beyond the tensions and violence of South Africa. (The South African Reserve Bank, which has transferred its controlling stake in Minors International to a similar Luxembourgian parent.)

Said Volker Dierks, who speaks for South Africa in the name "We have made no loans to South Africa, since 1975 as the country's private sector now owes \$1.2 billion, which the

*There is something particularly bizarre about the Bank of Nova Scotia's role in a loan that will benefit white South Africans*

South African government has promised to repay in 1990." He added, "In the Minors case, we don't feel we have benefited our own government; the company is headquartered in Luxembourg and has assets around the world. Rateral Affairs is Ottawa agrees."

The American partner in the deal, the Chemical Bank, has come under intense pressure to alter its policy. Group Democratic congressmen John Lewis, among others, has attacked the bank for "travelling along the open end of apartheid" and accused its chairman of "lacking sensitivity to the moral issues." Following recent protests, the New York City bank agreed not to participate in similar future loans, but the bank's chairman considers that it cannot legally back out of the current arrangement. The entry is in place, including the Canadian banks, because these banks just to be a matter on this side of the border.

Minors already controls the Reghbaud Corp. (platinum) in the United States as well as Hudson Bay Mining & Smelting in Canada, which operates zinc, zinc, gold and silver mines in the Yukon, Saginaw Lake and Lead Regions, all in northern Manitoba. The company also owns 26 per cent of Charter Consolidated, a

British heavy machinery manufacturer, and a 26 per cent stake in Consolidated Goldfields. De Beers is a Luxembourg domicile, through a sister with all associated companies and cross shareholdings. Minors is 71 per cent owned by the Oppenheimer family. Although the Oppenheimer and their Anglo holding company have advanced limited democratic reforms in South Africa, the London-based Anti-Apartheid Movement recently concluded that Anglo's wealth has been built on low labor costs and monopolies, both integral elements of the apartheid system. The Act's rhetoric, Anglo's economic interests are too tied up with South Africa's white community to allow it to promote policies with any real difference to those pursued by the government."

The Anti-Apartheid Movement is convinced that the current move, which involves the South African financing, is part of a joint Anglo-government strategy to create corporate structures that can insulate the threat of future boycotts and alleviate the impact of existing sanctions against South Africa. A takeover of Consolidated Goldfields by Minors, the organization claims, "would represent a Trojan horse for South Africa situated at the very heart of Britain's financial and industrial infrastructure." The bid was cleared last week by Britain's Monopolies and Mergers Commission and now must be accepted by Lord Nourse, trade and industry secretary. The commission was investigating not only the possible effects of the proposed buy-out on competition, but rumors of alleged illegal share-dealing as well. Minors executives express confidence that they will eventually gain control of Consolidated, Washington may approve because the intended takeover would move Newmont Mining, America's largest gold producer, under South African ownership. However, in turn, controls Prudential Banking, America's largest gold company. The Oppenheimer De Beers syndicate, already the world's largest gold producer, when combined with Consolidated, would give the South African company control of more than one-third of the Commonwealth world's gold supply—in well as 41 per cent of the world's supplies of silver, required for building U.S. infrastructure.

It is difficult to judge objectively from this distance just how harmful the takeover might be, but London's *Guardian* newspaper has revealed that between 1981 and 1986, Anglo "has been using considerable sums of money to finance a network of companies in Holland and Luxembourg, which serve the company at least \$20 million in U.K. taxes alone." The newspaper claimed that it had documented the company's ability and expertise in setting up a series of paper companies among which it could shift its assets, thereby avoiding the impact of sanctions on the worth of assets as well as tax authorities appeared to be closing any existing loopholes.

At least some of those changes have probably been suggested in the sensitive and propaganda-like statements of the battle which represents the Minors case. But it appears to contradict the Bank of Nova Scotia's carefully cultivated image as a bank with a social conscience.

## Flying on her own

When Diana, Princess of Wales, visited New York City last week, she arrived in her own role as a single-star attraction. After her Concorde landed, a police canopy, including a 14-foot van for her wardrobe during the 43 hour stay, escorted Diana, 32, to her \$12,000-a-night suite at a Manhattan hotel. But missing from her retinue



PRINCE CHARLES

## Stories on record

Pop star Chris De Burgh has built his success on telling musical tales, but he says that his greatest inspiration comes from another storyteller and fellow Dubliner, the late James Joyce. The singer added that he modeled a tribute to his literary hero on his latest album, *Flying Colours*, to thank him for being his muse. Said De Burgh, 38, who begins a 16-city cross-Canada tour in Halifax on Feb. 21: "An artist, I owe him a lot."

De Burgh: tribute to a literary hero

## BASKING IN LOVE'S GLOW

At 61, Canadian actress Frances Hyland says that she has found a new love to help her forget her anger and despair. After spending the past month in London, Ont., acting out the horror of axe-murderer Lizzie Borden in *Blood Relatives*, Hyland said that she was possessed by the anguish of the character. She added that she is "incredibly" fan her new role as Daisy, the quirky matron she will play in the comedy-drama *Driving Miss Daisy*, which opens in Toronto on Feb. 28. Said Hyland: "Lizzy was so dark, but Daisy is full of light. I love her."

## Model of fun

It seemed unlikely to Austrian screen director Bruce Beresford that Pauline Parakeva, one of the most acclaimed fashion models in the world, would prove to be an undisciplined comic. Beresford says that he chose her for his newly released comedy, *Alio Alio*, because the Czechoslovakian native had the right look and accent for the part of a litigious beauty. Still, he said he worried that the light-hearted role might be difficult for Parakeva, 23. The tears were unshed. Said Beresford: "With Pauline's great beauty, you expect her to be elegant, but she is full of fun."



Parakeva: Juvenile beauty



Alone: leading separate lives

rage was her husband, Prince Charles. Anthony Holden, author of several biographies on Charles, 34, said that "there is a gap between the royal couple" and that they lead separate lives. Still, even on her own, Diana ensured that a \$1,200-a-plate gala for the Welsh National Opera was well attended by New York's elite, including the city's own version of royalty—millionaire developer Donald Trump and his wife, Ivana.

## Dancing back to another time

Her fans had been waiting a long time for Natalia Makarova to come home. And when she returned to Leningrad last week, 18 years after she defected to London, the 48-year-old ballerina made history as she stepped on the stage

with the Kirov Ballet, the company that made Makarova an international star. Her reunion marked the first time that a Soviet dancer who defected has been invited back to perform. When Makarova appeared, the audience greeted her with 20 minutes of enthusiastic applause, which

Makarova: history



drowned out the few cries of "traitor" that punctuated the welcoming. For her part, Makarova—who now divides her time between London and San Francisco—said that the homecoming was better than she had dreamed possible. She added, "I was always afraid that, by the time I returned, I would be too old to dance at all."

## Rub shoulders with Royalty.



# SICK TO DEATH

CAUGHT BETWEEN  
RISING COSTS AND  
MORE RESTRAINTS,  
HOSPITALS ARE  
CUTTING SERVICES

**L**ast summer, a heart specialist told Charles Coleman, a 63-year-old diabetic client, that unless he underwent a coronary bypass operation he could die. Four months later, doctors had postponed Coleman's operation 11 times at Toronto's St. Michael's Hospital because of a shortage of beds in the hospital's intensive care unit. At one point in November, Coleman waited 13 days in a hospital bed before being told to go home again. As the delays continued, members of Coleman's family said that he appeared to lose his will to live. Finally, eight days after his operation was finally carried out in December, Coleman died. His wife said four doctors were called to see that they and their wife were not negligent. He called Coleman's wife Muriel, 62. "He just went to pieces. He was a broken man," Coleman's case was not unusual, and the problems of coronary patients across the country are only one highly visible symptom of an underlying crisis that is undermining Canada's health care system.

Increasingly, hospitals across the country are taking beds out of service, limiting the

number of operations they perform and cutting back on other services as governments battle to keep down health care costs, which last year totalled an estimated \$50 billion. The spiralling costs have been fuelled by a host of factors, including higher pay and benefits for medical personnel—whom one up to seven per cent of the nation's labor force—the soaring cost of high-technology medical equipment—ECG scanners used to detect internal abnormalities can cost up to \$8 million—and the growing number of older Canadians, who are living longer than ever before and who rely heavily on the system. The overall result is an increasingly urgent sense of anxiety among patients and their families alike.

In an effort to cut costs, most provincial governments have clamped down on hospital budgets at a time when many services are quitting their jobs to protect poor pay and working conditions (page 36). The result has been lengthening waiting lists and a toll of deaths among patients who cannot survive long enough to receive the surgery they need. In Manitoba, six heart patients died last year before they reached the operating rooms at Winnipeg's Health Sciences Centre. In Toronto—where an estimated 1,000 people are waiting for an angiogram, a year for bypass operations at three hospitals—two people have died since December. Last month, long waiting lists forced the city's highly respected Hospital for Sick Children to send home 40 children who needed heart surgery.

**Need to modify** Increasing government restraint has angered many doctors, who say that governments are making moves to save health care dollars "by living from hand to mouth and waiting for disaster each day," said Dr. Phil Gold, a cancer researcher who is chief physician of the oncological Montreal General Hospital. "I don't know when someone will be in lack of a bed or the proper equipment." As well, growing numbers of medical authorities say that they now are being forced to ration

health care by deciding which patients should be treated first, and which will have to wait—and perhaps die.

The mounting strains on the Medicare system have raised the prospect that so-called user fees may eventually be needed to discourage Canadians from making needless medical visits—and they have triggered a nationwide debate among Canada's physicians and provincial governments. A heated debate is also raging over whether Canada can continue to afford the 20-year-old publicly funded universal system that provides one of the world's highest standards of medical care. Canada's federally backed, privately operated health insurance plan differs sharply from that of the United States—where costs are rising even more rapidly and where millions of people have no medical protection (page 35). At the same time, the pressure of rising costs in Canada's state-run National Health Service last week led Prime Minister Margaret Thatcher's social-conservative Conservative government to propose sweeping changes. They would accept new funding into the system by encouraging effec-



Toronto paramedics. Fatalities among patients who cannot survive long enough for surgery

tive patients to pay for expensive hospital services (page 38).

As health-care costs rise, some experts point to the increasingly heavy use of the system by Canadians—acutely ill over-60s, who now make up 11 per cent of the population—as one of the principal problems. According to the federal department of health and welfare, the average number of medical services for each Canadian in 1985-1986 rose to 10.7 from 10.3 in 1983-1984. In British Columbia, the ministry of health said that the number of acute medical services performed in the province rose to 45 million in 1987-1988 from 30 million eight years earlier.

**Contrast:** Concerns over increased use of the system has focused increased attention on Canada's 45,000 physicians and surgeons. Critics claim that because doctors operate on a fee-for-service basis they have a strong incentive for treating as many patients as possible. "For doctors, it has been an old system from Day 1," said Dr. Michael Moss, who teaches

family medicine at the McGill University medical school in Montreal. "We are paid for every single consultation with a patient."

But other doctors point out that their incomes—all-employee doctors started an average of \$97,400 after expenses last, before taxes in 1986—make up only about 18 per cent of the nation's total medical bill. Instead, many physicians say that the fault lies in the fact that Canada's medical insurance program is based on a "first dollar" system, where no person has a deductible for that would force patients to pay for part of their treatment. They add that user fees would solve many, if not all, of the problems. "We're tired of being scapegoated," said Dr. Martin Therngissen, president of the Manitoba Medical Association. Added Therngissen: "I think it is time the people of Canada realized that the system is not of our creation."

Meanwhile, the deterioration in health services across the country is becoming painfully evident. During the past two years, most of the

provinces have sought to cut costs by telling hospitals that they will no longer pay for operating deficits. The measures have forced hospitals across the country to close hundreds of beds and limit the number of operations they can perform. As a result, patients in many cities now have to wait longer for operations, while the shortage of beds has forced some hospitals to park patients on uncomfortable stretchers in drafty corridors.

**Waiting list:** As well, hospitals in some cities have had to institute unusual, and sometimes humiliating, economic measures. Patients at the maternity ward of Toronto's North York General Hospital are required to bring in their own pillows, while elderly patients in some Montreal hospitals are kept long in gowns because nurses do not have time to help them get in a bathroom.

New Brunswick's hospitals, which were forced to take about 350 hospital beds out of service after Premier Frank McKenna's Liberal government lightened hospital budgets, are among the most seriously affected. At Moncton Hospital, some patients are kept in hallways and even in clinics, while a total of 2,300 people were on waiting lists for surgery last month. Recently Taylor, a 31-year-old Montreal housewife, says that she had to wait for more than a year for an operation because "the hospital couldn't believe it," she said. "We were people everywhere, on stretchers in the hallways, everywhere."

**Relieving:** The situation at parts of the Prairies is equally straining. Following a funding freeze imposed by the Conservative government, Saskatchewan's hospitals faced a critical shortage of beds, with 1,870 patients waiting for surgery at Saskatoon's University Hospital alone. In Winnipeg in 1986, then-Premier Howard Pawley's New Democratic Party government wanted hospitals to expect to have to put a limit on operations because the government would no longer subsidize hospital deficits in 1986-1989. Now, hospital administrators are writing for Premier Gary Filmer's 18-month-old Conservative administration to waive the limits. In Saskatchewan, the head of Winnipeg's Health Sciences Centre: "We are already rationing health care. We cannot always meet the demands

## INCREASING GOVERNMENT CURBS ARE ANGERING MANY DOCTORS

people are placing at our disposal."

Tighter budgets have clearly placed an added emotional strain on both doctors and patients. Says Dr. Richard Crano, dean of medicine at McGill University: "Doctors and nurses find it difficult to ensure quality of care with dignity in an environment under increasingly difficult circumstances." For his part, "Studley Alexander, 56-year-old high-school principal at St-Eustache, Que., said that the six postoperative visits by Montreal's Royal Victoria Hospital of his coronary surgery were "legislatively decreed." "The waiting affected not only me but my wife and my family," said Alexander, who had his operation on Jan. 5. "There could easily have been medical clinics. It could have been free."

**Bitter:** The spreading cynicism is the latest in a series that has beset the system since Premier "Sonny" Douglas's socialist government introduced publicly funded medicine in Saskatchewan in 1961. The action led to a bitter 1962 strike by the province's doctors. Natural Medicare, introduced by Prime Minister Lester Pearson's Liberal government in 1966, appeared smoothly until costs began rising sharply in the late 1970s, just as concern grew over mounting federal and provincial government deficits. Ottawa responded in 1977 by imposing limits on its contributions to provincial health care. As a result, federal-medicare contributions in 1984-1985 will total \$7.5 billion. That figure, added to transferred taxing powers, is 38 per cent of the total bill—down from 44.6 per cent nine years ago.

Already, some provinces are forcing hospitals to postpone the purchase of expensive new medical equipment. "Montreal has 21 CAT scanners serving a population of about 254 million people," said McGill's Moss. "The Oxford area of England has two, serving two million people, and the quality of care is good; it is no worse. It's a matter of using resources properly." As with other provinces, are examining the value of high-tech prescription drugs. An Ontario task force scheduled last April that a drug for treating heart attack victims costing \$300 per dose is just as effective as the highly regarded weaker drug known as "aspirin plus aspirin" because it costs \$3,000 a treatment.

In another long-range cost-cutting threat

aimed at shifting health care away from hospitals and into smaller, less expensive centers, Manitoba and Quebec in recent years have developed networks of community clinics. Last year,



Moss (left) examining patient; Kuchta (below): drifty corridors

on a step that further angered the province's doctors. Ontario Health Minister Elmer Goplin introduced a bill to allow government funding of nonpublic clinics. Still, some of the most



drumatic attempts to control medical costs have centered on the eastern doctors—who feel more and more squeezed from hospitals and politicians. In Ontario, many doctors did protest federally imposed 1986 legislation that banned doctors from taking extra fees for personally prescribed first-line medical services. That resentment led to a 35-day strike among many doctors. And last December, Premier David Peterson's Liberal government rejected doctors' demands for a 5.7-per-cent fee increase and imposed a pay increase of only 1.75 per cent.

**Servants:** In Ontario, Canada's largest province in 1984, the B.C. Medical Association took Premier William Bennett's Social Credit government to court after the province attempted to limit the number of doctors who could practice there by restricting the number of billing numbers, which allow physicians to make claims. In November, the Supreme Court of Canada refused to hear a brief to appeal, by the province, against a provincial court ruling that the measure was unconstitutional. Those confrontations have fostered a sense among many doctors that they are being turned into servants of government. "Whether we like it or not, we're workers," said Dr. Raymond March, a surgeon who is former president of the B.C. Medical Association. "We're told what to do, when to do it and how to do it. The politicians keep telling doctors and treating us like that."

Still, some health care experts insist that the Canadian practice of paying doctors on a fee-for-service basis is the root cause of the problems. They say that if insurance companies or not-for-profit health plans were able to pay doctors, they would be able to prescribe expensive tests and treatments that insurance companies would not pay for. "The number of patients referred to doctors has shot up," said Montreal's Moss, who emphasizes the belief that many doctors, including family and specialists, should work harder to discourage unnecessary visits. "We use specialists when we should use family doctors," said Dr. Michael Kuchta, a health policy analyst who is member of the Toronto-based Medical Reform Group. "We use health professionals of all sorts when we should be going to our generalists for advice." For his part, Moss added, "It isn't necessary to pay a specialist for a money shot, but about what some people are doing."

In a study prepared for Vancouver

the conservative Fraser Institute in 1987, Dr. Michael Brown, a University of Calgary health care economist, concluded that medical cost increases resulted largely from a tendency among doctors to order expensive and unnecessary services. "What is invariably forgotten," said Brown, "is that they are doing this in order to facilitate the activities of physicians. Doctors need to procure hospitals as personal co-operatives and allocate human resources largely in relationship to how these resources affect medical incomes." Some critics of the present system say that it would be cheaper to put doctors on the kind of system used by the British health service, in which physicians earn an amount fee for each patient on their rolls. There, expert visits by the same patients do not incur extra charges.

But most doctors say that they are not encouraging overuse of facilities in the health care system and that only some kind of doctor

cost fee will persuade Canadians to reduce their use. "This is the thing that bothers me most about our public system," said Dr. Ian Haste, chief of emergency medicine at Toronto's Westview Hospital. "People don't understand what it costs each time they seek care. There's a misuse of services." And Dr. Augustin Roy, president of the Quebec Corporation of Physicians, said that most studies show that as many as nine out of 10 people who seek emergency care do not need it—and that only five per cent of cases admitted to emergency wards are actually in danger of dying.

**Not-Fee:** In addition, doctors are not permitted under federal legislation, and politicians have tentatively proposed providing a measure that would ban low-income Canadians from fee-for-service care. Dr. Adam Laiton, a professor of medicine at the University of Western Ontario in London, says that user fees are inevitable,

and could be made politically acceptable. He added: "There seems little alternative to applying some kind of deterrent at the primary point of contact with the health care system. Perhaps by taking the cost of some services to patients' taxable income."

Meanwhile, most medical experts say that the system is still fundamentally sound—for the time being. "The situation isn't hopeless," said Montreal's Moss. "We're close to being excellent, but we're also dangerously close to the abyss—and I'm not at all sure which direction we're going in." Still, the spectacle of dying patients and other stresses evident in health care mean that Canadians may soon have to make tough decisions about how they pay for medical treatment—or face a further deterioration in a health-care system that is all of the best in the world.

JOHN BARBER with correspondents' reports

## HEALTH CARE'S PROFIT SIDE

At the Lacombe, Ky., headquarters of Humana Inc., insurers in private for-profit form own 83 of the United States' 6,000 hospitals—executives work in a 27-story office tower of pink marble, with six elevators and six floors of 4,475 offices. But unlike Canada, where any sick or injured resident can go to a hospital for free treatment, millions of Americans would be turned away from Humana's well-equipped institutions. Indeed, under the United States' predominantly free-charge medical system, an estimated 17 million Americans are without regularly available medical care because they cannot afford the insurance to pay for it. When urgent Americans experience a medical emergency, they can only go to a publicly funded or charitable hospital and hope that the facility has the resources to treat them.

The United States is almost alone among modern industrial nations in operating a medical system in which access to treatment depends largely on the ability to pay. At the same time, U.S. health care costs are the most exorbitant in the world. Last year, the total U.S. medical bill stood at \$460 billion, or 13.1 per cent of the gross national product (compared with 8.5 per cent in Canada).

At the same time, efforts to reduce overall costs are increasing the financial pressure on affluent and middle-income Americans. About 66 per cent of Americans with full-time jobs have health insurance that their employers provide through private firms. Increasingly, however, those employers are passing on some of the costs to their employees by raising the deductibles—a flat fee people must pay before the



U.S. hospital scenes: patients are discharged 'ficker and quicker'

insurance coverage begins—to as much as \$600 annually. Similarly, Washington is passing on costs to the 23 million Americans who are over 65 or disabled, and therefore covered under the \$100-billion-a-year federal Medicare system by not paying the full costs of some operations and cutting off funding entirely after the patient has been in hospital for 64 days. Medicare now lets private hospitals bill the federal government for the same 480 medical procedures—and allows hospitals that can perform the service less well to keep the difference. This has led to charges by some doctors' organizations that patients are being discharged "ficker and quicker."

A growing number of U.S. medical experts say that the only way to create a less-expensive

and more equitable U.S. health care system would be to adopt a government-backed medical insurance system like Canada's David Hamblin, chief of community medicine at Cambridge Hospital in Massachusetts and co-ordinator for the 1,300-member Physicians for a National Health Program, for one, and that by adopting the Canadian model, the United States could save \$28 billion to \$65 billion a year in administrative costs alone. That, he said, would be "enough to provide free care to the millions of poor Americans who currently have no place to get costly patches of U.S. medical services."

DAVID LINDENBERG in New York City

## NURSES ARE CHANGING PROFESSIONS

**S**ince Phaedra, 32, is a self-described "looking woman who often wears an 'I love life' button on her nurse's scrubs, she can carry over her duties at Princeton's Severn Oaks Geriatric Hospital. As a nurse, she is responsible for the 10 patients, but Phaedra is responsible for almost everything that happens to the world's 10 patients during her shift. On a typical day, work at the hospital is a 7:30 a.m. to 3:30 p.m. shift, which began at 7:30 a.m. Phaedra was rarely able to work at any task for more than 15 minutes. "I have to be constantly alert to read patient records, another nurse asked her to help teach a patient. Just as she finished that, an electronic beeper went off and sent her patient's room. While she attended to him, a doctor asked to speak to her about a patient's condition. She had to stop what she was doing to go to the doctor's office. She managed to find the time to spend a few minutes talking to an elderly and lonely woman who had no relatives to visit her. Said Phaedra: "You are not going through anything fairly easy and you are not going to get any help or compassion, and you have just had your time."

do it." But unlike her and many other dedicated members of the profession, thousands of other nurses across Canada have quit their jobs in recent years, angered by poor pay and working conditions and a lack of respect for their profession.

**Criticism**—Including hectic seven-day working weeks for a \$28,000-a-year salary that Pundak says barely recognizes her two years of training and 12 years of experience has not yet driven her from nursing, although she says that there have been times when she considered changing careers is something that would offer more recognition and less arduous work. Some critics have left the profession, while others have been enticed away by foreign employers. American hospitals regularly make so-called hiring lists across Canada to lure nurses with annual salaries that go as high as \$75,000, subsidized child care, free university tuition and less arduous schedules.

Now the flow of nurses to other countries, to part-time work and to nursing jobs outside hospitals has led to a serious shortage, espe-

**On strike in Calgary: increasingly militant in demands for union reform**

cially in the key areas of critical, long-term and palliative care. In several Canadian cities, hospitals have been forced to close beds temporarily shut down emergency departments and cancel elective surgery because there are not enough nurses to keep those vital facilities open.

**Fatal** The consequences can be fatal. In Winnipeg, six patients died in 1988 while waiting for heart surgery at the Health Sciences Centre. Dr. James Parratt, a cardiovascular-thoracic surgeon, said that all the fatalities were linked to a shortage of trained nurses. "In the surgical intensive care unit," he added, "we are short six to 10 nurses. We have a 10-bed unit, but the 10 beds are seldom open because we do not always have a nurse to take care of the patient for that bed. And we are short six to 10 nurses in the operating room."

While my of their colleagues leave the profession, nurses who have remained are becoming increasingly militant in their demands for better pay and working conditions and a greater voice in the health care system. In January, several hundred Ontario nurses staged a dramatic mass march on the provincial legislature. There, they angrily demanded the resignation of Health Minister Rona Givens, who they say should enforce the Ontario Hospital Association to re-negotiate their terms, which does not expire until April 1, 1986. One nurse said, "I placed this on my desk. My dream life will be to work in a hospital when I'm tired, overworked and underpaid." Last February, about 13,000 members of the United Nurses of Alberta staged an all-out 10-day strike to back



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## COVER

their demands for an approved package of wages and benefits.

In Saskatchewan, 5,550 members of the Saskatchewan Union of Nurses walked the picket lines for seven days in October over similar issues. Phyllis Van Haren, speaking for 77,000 members of the British Columbia Nurses' Union—whose collective agreement expires on March 31—said that the strikes show that urgent reforms are needed. Said Van Haren: "Nurses have an independent and key role to play, and it is not as hierarchical. That has to be recognized if you want to keep nurses in the business."

Nurses everywhere in the country are becoming increasingly restless. An October 1988 study published by the Montreal-based *McGill Institute* reported that more than half the nurses surveyed at 10 English-language hospitals said that they were seriously considering leaving their jobs within a year, while one quarter said that they were determined to quit. The study also showed that the turnover rate at the 10 hospitals was more than 44 per cent in 1987. A high level of resignation is also a problem in Newfoundland, where the province's Advisory Committee on the Nursing Workforce issued a report in December that pointed to "extraordinarily high rates of turnover." The annual turnover of registered nurses in St. Anthony, Nfld., ranged from 60 per cent at the nursing home to 69 per cent in the town's hospital. According to *Sorry No Care*, available from the Nursing Shortage report published by the Registered Nurses' Association of Ontario in November, the province-wide vacancy rate for staff nursing positions in all March, 1988, was 3.4 per cent—and a particularly alarming 7.1 per cent in Metropolitan Toronto.

**Regrets:** Despite the growing shortages, Canada's 242,900 nurses make up the largest professional occupational group in the country. According to the Ontario nurses' study, the number of nurses in Canada increased to 231,960 in 1986 from only 164,658 in 1971, a growth of 112.3 per cent. Still, at some 100,000, the number has far outstripped supply. During the period that the Ontario survey covered, nearly half of Canada's nurses chose to work part time—up from 27.6 per cent. Said Anne Knapman, acting director of the division of health services research and development at the University of British Columbia: "People choose almost work because that gives them the option of dropping out any minute they

wish, when they are diagnosed or upset and cannot back it any more."

**Obvies:** As shortages develop, the nurses who are left in hospitals inevitably have to work harder. As well, according to *Sorry No Care*, available, the number of registered nursing assistants, aides and orderlies decreased to 15 per cent of Canada's hospital staff from 26 per cent between 1973 and 1986. That means that many nurses now have to do chores they consider themselves overqualified to do. Jenn Grady, a 14 year nursing veteran who works at St. John's Camp Hill Medical Centre, said that she objects to such tasks as stripping the beds

psychological worker without the doctor's approval.

Despite the critical need for more nurses, Helen Glass, former president of the Canadian Nurses Association and a professor of nursing at the University of Manitoba, expressed concern that necessary and fundamental changes may be slow in coming. "There is such a long-standing tradition of having health care controlled by the physicians," she said. "It is not something which is easily broken down. We are so entrenched in the type of thinking, in the care-oriented health care system where there is only payment for tests, x-rays and treatments

which are carried out—that there is no motive for making better use of nurses and other health care professionals."

Many nurses said that low level pay was the source of many of their frustrations. In most parts of Canada, nurses' salaries start at around \$14,000 a year and "top out" after six or seven years at the \$34,960 to \$35,000 range. After that, salaries do not grow appreciably, despite the nurses' added experience and knowledge. Besides that, a Vancouver health economist, says that low pay for nurses reflects a traditional sexual stereotype about women's role in society. Said Schuch: "The fact that there is a chronic nursing shortage indicates that money is simply not offering enough to attract nurses. Most folks, if they were asked to work the kind of shift work and long hours that nurses are asked to work, would not last long in the job."

**Allegation:** There are indications that some politicians and hospital administrators are jumping on nurses to answer demands in Alberta, Health Minister Joyce McKelvey unveiled in December a four-part, \$30-million program aimed at giving nurses a bigger say in the health care system, including the establishment of a nursing council to advise the government on nursing issues. As well, nurses are in line for appointment in each of Alberta's eight provincial hospital boards. For many nurses, such moves are a step in the right direction. But they also must that much more will have to be done if Canadian hospitals are going to be able to meet the country's dire need for dedicated professionals who play such a key role in Canada's health care system.

**BARRBARA JACKSON** writes *DIAGNOSIS* as *Howeview*. **JEAN MCGRUB** is *Curly*. **DOUG SMITH** is *Wandering*. **LEON ROBERTSON** is *Rebuck* and **GLENN ALLEN** is *Halifax*.



Franchise: "It is just compassion, and you wish you had more time."

of patients who have left the hospital. As well, in the past five years one third of all new nurses have chosen to work outside hospitals—leaving nurses in nursing homes and at schools.

As pressures mount, nurses are increasingly demanding a change in their role within the system. One of the key issues in their relationship to doctors, Dr. Colleen Skelton of the University of Calgary faculty of nursing said, is that nurses feel that in training when patients give all the credit to the doctors who saved their lives. "The greatest problem is because of a nurse's observations," said Skelton. "We in the field gave the doctor back to the bedside when there is a better knowledge." Added Skelton: "Nurses desperately want the opportunity to order patients to other health services. Today they cannot refer to a social or



# TROUBLE AT THE SOURCE

## BRITAIN'S MEDICARE IS IN CRISIS

They are striking symbols of the past and the future in British health care. Thirty-two kilometres north of London sits the 40-year-old Hareton Hospital, a sprawling grey-brick complex of three-story buildings that houses 780 psychiatric patients. With its depressing Victorian air, peeling paintwork and faded red curtains, it is testimony to the fact that much of the care that Britain's publicly funded National Health Service (NHS) dispenses takes place in decidedly shabby surroundings. But only five kilometres away is a sign of things to come—the Ashford Hospital, a four-year-old, ultramodern institution that at first glance could be mistaken for a comfortable hotel. One of eight hospitals operated by a private health care company, the Ashford offers its 54 patients scorching decor and fine cuisine to aid their recovery. On the menu one day recently was fillet of plaice. Ashford—as well as Medix in Chesham, championed at \$29 a bottle. But inevitably, that kind of luxury care has a high price: a stay at the Ashford costs \$280 a night.

**Severed:** Through hotel Britain, where state-operated health care was born 40 years ago, the gap between public and private medicine is growing. The government handed out, which is almost entirely free (universally, still provides excellent care for most patients. But it is caught in a tight cash squeeze as demand for health care outstrips the ability of the government to pay. As a result, public medicine in Britain is having difficulty keeping up with advances in medical technology, there is too little money to update deteriorating hospitals, and more than 700,000 people are in waiting lists for many kinds of operations. The number of people choosing private health care has doubled in the past 10 years, and now comprises up to 4-5 per cent of the patient population, which raises the possibility of a leisure-rivalling health system with the best services reserved for those who can afford to pay.

In a step that could bring that day closer, Prime Minister Margaret Thatcher's Conservative government last week introduced wide-ranging proposals that would the profit motive

in the NHS and further encourage more affluent Britons to pay for medical care. Under the legislation introduced by Health Minister Kenneth Clarke, as many as 320 of Britain's largest acute care hospitals would be allowed to offer their services to local health authorities, accepting private patients and doctors—and would be able to even handsome profits in the

providing profitable care, and choose advertisement of those in need."

A two-tiered system was not the vision of the founders of the NHS, which began in July, 1948, as the first comprehensive, state-run medical service in a major Western nation. It was the most popular achievement of Britain's postwar Labour government, designed to make health



Nurses' protest in London; Thatcher (below): one private hospital's menu included champagne

process. In an effort to give the NHS greater control over its \$50-billion budget, Clarke also proposed that doctors with large practices be given special funds to spend on medical services from profit-based hospitals. In a series of economy measures, Clarke also proposed new limits on the total value of prescriptions doctors could authorize—sending financial penalties for physicians who exceeded the targets. Opposition Labour Party spokesmen and union officials warned to tone down denouncing the stark measures. The changes, and Health Minister Kenneth Clarke, general secretary of one of Britain's largest health services unions, would result in a "commercialized system where competition, largely overinvestment of those re-

source equally accessible to rich and poor. The system's architect, the medical Labour health minister, Kenneth Brown, declared at the time that there was one area in which "poverty should not be a disability, and wealth not an advantage."

**Abolished:** But unlike Canada, which effectively abolished the private sector in medical care, Britain allowed independent doctors and hospitals to remain alongside the NHS—and demand for private care soared after Thatcher's Tories took power in 1979. The main cause of the surge in demand was the publicity that surrounded numerous strikes among health care workers and other problems in the NHS, including growing waiting lists for elective surgery. As a result, the number



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of doctors covered by private health insurance has doubled in about 5.5 million in the past 10 years, and private health management companies, including such giant U.S. firms as Humana Inc. and American International Insurance, are now in the British market. This year, experts predict, about 800,000 operations will take place in private hospitals—compared with 3.1 million in the public sector.

From the start, Thatcher's government has encouraged privately funded health services, and some cabinet members have personally used them. In 1987, during a round of strokes by nerves and rheumatism over the closing of 3,000 hospital beds because of a lack of money, the minister then in charge of the health system, John Moore, caught pneumonia—and booked himself into a private hospital for two weeks. Thatcher herself chose a private hospital where she had an eye operation in 1983. She later explained that she did it "to establish me as going into hospital on the day I want, at the time I want and with the surgeon I want—and for me that is absolutely vital."

**Widows.** Other factors, too, have contributed to growth in the private sector. Last December, British nurses staged a series of walkouts at publicly operated hospitals to protest a government wage offer of about 1% per cent. And last winter, the closing of beds and a shortage of nurses in some critical areas created a crisis atmosphere. Several children with brain problems died, and numerous national publicity, after their operations had been postponed as easily as five times because of a shortage of beds and intensive care nurses. One boy, four-year-old Matthew Calton, died in February—a month after undergoing heart surgery that had been postponed three times. His parents had unsuccessfully sought a court order to force health authorities to perform the operation sooner, and his death led to calls for the government to give the NHS more money. At his funeral, Queen Bevil Morgan declared that "all eyes and minds are on the shortage of resources, both human and material, in the National Health Service."

In response to such charges, Thatcher's ministers say that the government has strengthened the NHS by increasing the amount spent on the system, after inflation, by 39 per cent since 1979. And many critics of British health care agree that the problem goes much deeper than the policies of any one government could possibly have brought about. They note that Britain devotes a far lower proportion of national income to health care than do other comparable countries. While Britain spends 8.2

per cent of national income on health, Canada and France both spend 8.5—and the United States 13.1. Says Sir Raymond Hollaender, president of the Royal College of Physicians: "The bottom line of what we have is a service which was the envy of the world which we run very cheaply. We are now trying to run it too cheaply."

**Complexity.** Indeed, despite its enormous size and complexity, the British system continues to deliver high-quality care at a comparatively low cost. That is accomplished in part by the system's administrators paying relatively low wages to nonmedical staff and nurses. But it is also a result of the way the system is structured. While doctors in Canada are paid

patients a day in his clinic in London, a poor district of east-end London.

Despite the Thatcher government's tough treatment of the NHS, last week's promises for spending a few extra pence closest into the system caught most political observers by surprise. Although the Conservatives have made sweeping changes in many other sectors of British society, they had moved cautiously in the politically sensitive area of health care. When they have made changes in the past, the Tories have encountered opposition from within their own ranks. Last November, after the government approved changes for eye tests and dental checkups, several backbench Conservative members of Parliament read



U.K. hospital runs on duty: charges that doctors may turn away like-recessing patients

for each medical act they perform, general practitioners working in the NHS are paid an annual fee for each patient on their list. As a result, British doctors have a built-in financial incentive to discourage patients from going to see them for trivial ailments—because an unnecessary visit does not add to their income. The result, say critics of the system, is that doctors may be tempted to call back their best and turn away time-consuming elderly or chronically ill patients.

**Neglect.** David Watgry, a 61-year-old general practitioner and author of two books on the NHS, also says that the system encourages doctors to build up a large list of patients without serious problems and sometimes neglect those who need help most. "The way to make money is to be," he said, "to open your surgery for about eight hours a week, make it convenient to come in, and weed out patients from your list who are actually ill." For his part, Watgry says that he sees an average of 90

patients the government in the first year since 1981's general election.

Still, even the public opinion's strongest supporters have accepted that private medicine will remain an integral part of British health care. In late November, the Labour Party quietly dropped its long-standing insistence that private hospitals should be nationalized. The cross-Labour governments did not implement the policy—but some prominent Labour MPs said that the party's November decision to abandon its stance entirely reflected a realization that private medicine has grown too big for the government to take it over. As a result, the British, who generally place less value on health care than do other nations, seem to have accepted that it must stand up to increasingly sharp competition from the private sector.

ANDREW PHILLIPS and JUDITH PEARL in London

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Illustration by Andrew Phillips and Judith Pearl. Photos by Andrew Phillips and Judith Pearl.



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# Race and behavior

A theory outrages ethnic and other critics

The American Association for the Advancement of Science conference at the San Francisco Hilton hotel last month was relatively uneventful until psychologist J. Philippe Rushton took the podium. For eight years the 46-year-old, Illinois-born professor—who teaches at the University of Western Ontario in London—had been preparing his theories for a full public airing. Then, in front of a symposium of 300 scientists and 50 reporters from all over North America, Rushton advanced his long-stated speculations, stirred his throat and rose from a paper entitled "Evolutionary Biology and Heritable Traits." In his paper, Rushton argued that human intelligence and behavior are heavily influenced by racial type. Oriental, he said, were the most intelligent, least stable and sexually restrained of races, while blacks were the least so. Caucasians, or whites, fell somewhere in the middle.

Both the scientific and the ethnic communities expressed outrage. Neil Jacques, Canadian geneticist and broadcaster David Suzuki in Vancouver: "It is a dangerous and lousy scientific venture. It's the most ridiculous kind of study I have ever heard." The university students' caused issued a statement challenging Rushton's right to teach his theories. And Godfrey Moses, president of the London Urban Alliance on Race Relations and a professor of biochemistry at Western, called for Rushton's suspension from the faculty of psychology. "Rushton's research is motivated by racism," said Moses. "We won't allow it to go unchallenged and without prosecution."

Rushton, who in 1967 began a three-year leave from teaching to write a book on personality and genetics for Britain's Cambridge University Press, denied that his theories are racist. But he said that any suggestion of a correlation between race and behavior has been an unpopular avenue of scientific endeavor since Adolf Hitler's Nazis followed the theory of eugenics—which proposes the inheritance of the human race by breeding—to speculate on ways of creating what they called a superior "master race" during the 1930s and 1940s.

Rushton said that researchers during the past two decades linked personality traits and psychological problems to a person's

genes have provided new explanations about why racial groups appear to behave in characteristic ways. "Notably," Rushton told *Maclean's* last week, "I would much rather everyone agree with me. I don't like to be controversial, but there comes a point



Rushton: an unpopular avenue of scientific endeavor since Nazi experiments

when you have to tell the truth."

Rushton's correlation of race to intelligence and behavior represents an extreme side of a debate that has preoccupied many scientists during recent decades. The "nature" theory, which became dominant following the Second World War, is that a person's environment and upbringing are largely responsible for forming his personality. The "nurture" theory, largely dismissed following Nazi experiments as eugenics, holds that an individual's genetic make-up plays a major role in behavioral development. In his work, Rushton has brought the theories of "nature" and race together, supporting his ideas with statistics that appear to link such factors as crime rates among racial groups and brain size.

The foundation of Rushton's theory is that the three main racial groups emerged from a

common "homino" race, but at different times: blacks 200,000 years ago, Caucasians 110,000 years ago and Orientals 41,000 years ago. Studies of skulls, Rushton argues, have shown that the most recently evolved species possess different traits from their ancestral cousins. According to Rushton, the same correlation is evident among human races. Rushton argues that blacks, who he says make up the oldest racial group, have the smallest brains, the greatest tendency toward pugnacity and the highest crime rate. According to Rushton, Orientals are at the other end of the scale—and Caucasians "always fall between the other two groups." Because of the differences, Rushton concluded that "the Orientals of the Pacific Rim will eventually overtake the Caucasians in North America and Western Europe in economic and scientific performance."

Although Rushton says that many of his colleagues quietly support his theories, he has come under heavy public criticism from academics. A leading opponent is Joseph Camp, a geneticist at Rushton's university. "It's not as serious as it is," said Camp, "it would be truly hilarious. Some of his theories are totally bizarre." For his part, Rushton has pledged to continue his research and claims that he still has the support of his university's president, George Ferguson. Deplined the president. "A university is committed to the generation of new ideas and new knowledge, and some of those from time to time will be highly controversial." But Rushton's theories say that that sort severity.

RIC DOLPHIN with RUSSELL MCANN in London

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# A new lineup

Changes raise questions at The Globe and Mail

It was planned as a gracious farewell, a gesture to lengthy with all of the best traditions of Toronto's venerable *Globe and Mail* newspaper. Staff members gathered on a Saturday night at a mansion in the city's posh Rosedale district, invited there by the paper's new editor-in-chief, William

Thorsell, placed to the newsroom bulletin board announced the end of Webster's 50-year tenure as editor. At the time, Megarry said that Webster was stepping down to take a part-time job and that he would ensure to the newspaper to raise a foreign affairs column. The announcement seemed many *Globe* staff

had asked Stevens, a veteran of 24 years with the *Globe*, to step down as managing editor and return to an unreported senior writing position. Stevens has said that he will take a sabbatical and consider his future. Thorsell also announced that Terence Pritchard would replace Stevens as managing editor. Moving into Pritchard's former position as editor of the newspaper's "Report on Business" section is business columnist Peter Cook. Both Pritchard and Cook are regarded within the newspaper as political conservatives, as is Thorsell himself. *Globe* readers said that the three are more well far more in tune with Megarry's own views than either of the two departing executives.

In contrast to the reaction following Megarry's dismissal of Webster, senior Webster says Stevens made any attempt to damage their feelings about the changes. Webster, in a frank



Thorsell (right) facing newsroom staff; some believe the changes in personnel signal a shift in editorial direction

Thorsell, casually to say goodbye to departing editor Norman Webster. Many present said later that they had expected Webster to pass the torch politely to his successor but, in an unexpected, sometimes acerbic, address, he confronted the widespread rumors that he had, in fact, been forced out of the editor's chair by publisher Roy Megarry. And, far from expressing confidence in the *Globe*'s new editorial management, he added that he felt a "profound sense of despair" about the future of the daily that describes itself as Canada's national newspaper. The shocks did not end there. *Globe* staff members, the *Globe*'s managing editor and Webster's longtime deputy, told the assembly that he too had been relieved of his position.

Webster's candid remarks shattered the genteel pretense that the *Globe*'s senior management had maintained since Jan. 5, when a

comment, even though reports of a growing rift between the 47-year-old editor and Megarry, who turned 52 this week, had persisted for months. Reports of Stevens's dismissal, and Webster's speech at the Saturday night press conference, caused concern among *Globe* employees that further firings might be in store—and that the juggling of senior editorial members signalled an impending change in the newspaper's overall style and direction. There was speculation that Megarry might want the *Globe* to move away from its traditional reporting and away from the political coverage and investigative reporting that have been among the *Globe*'s traditional areas of strength. Megarry did not return repeated calls from *Maclean's*.

The new lineup that was disclosed on the following Monday morning had little to quell the apprehensions. Thorsell acknowledged that he

comment that the *Globe* published, declared, "This is an appalling, shabby and stupid way to treat the best managing editor in the country." Stevens told *Maclean's* that he was "shocked and surprised" when Thorsell told him that Pritchard was replacing him. Stevens added that Megarry had personally assured him early in January that his job was secure. In a last handwritten statement Stevens issued as he was leaving out his desk, he cautioned *Globe* staff members to be prepared for more changes. "This firing is only the second shot," Stevens wrote, "and Roy Megarry has an army in his closet as Brian Mulroney."

Many other members of the *Globe*'s staff seem to agree, although few were willing to say so publicly. Heading the list of those whose jobs were believed to be in jeopardy were columnist and social activist Jane Calhoun and deputy

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managing editor Shirley Storer. Leaders also speculated that other changes might be in store for columnists Thomas Wilson, Michael Vajpy, Steve Cameron and Jeffrey Simpson. Vajpy, who writes a column on Toronto municipal affairs, acknowledged the rumors, but said that he had been assured that his column would continue. Vajpy said that, as the future, the scope of his column would likely be reduced to deal with urban affairs on a national basis. Simpson, too, confirmed that he had been invited to take up a new position as associate editor but had declined. "I told Bill [Thorpe] I was flattered," Simpson said, "but I had no secret whatsoevers."

The changes may also signal a shift in the editorial direction of one of Canada's most respected dailies. Bill Storer, Richard Dorcas, former *Globe* editor-in-chief, "I'm always uneasy when there is sudden change and disavowal of the staff as there appears to be at this moment. I might be more concerned if I could perceive a shift in opinions, where for instance, *The Wall Street Journal* was the model rather than *The New York Times*."

Megarry's ultimate strategy in getting rid of Wilson and Storer, with these impeccable credentials, may indeed be to move the *Globe* towards a broader concentration on business and financial affairs. Although Megarry was not available for comment, it is widely known that the Northern Ireland-born publisher disapproves of the amount of space that the *Globe* currently devotes to local Toronto and regional Ontario affairs, sports and entertainment. Last fall, he indicated his desire for a reorganization of the *Globe's* editorial department in a confidential three-page memo sent to Webster. In that document, he stressed the central importance of the "Report on Business" section in the *Globe's* future. He also specified such physical details as insulating that the business editor's office be kept in dimensions to that of the managing editor.

In the opinion of some insiders, it was Webster's lack of enthusiasm for Megarry's proposed reorganization that sealed his fate. Rifts between the publisher and his senior editors had been deepening ever since Storer's loyal reporter Barbara Valle left last year to run the *Globe's* Vancouver bureau. When Megarry revised the lineup, Valle launched a \$1.2-million lawsuit against the paper for breach of contract. Webster was incensed and told Valle last summer that he wanted to fire Storer. Webster responded by telling Megarry that if Storer went, he would go too. As one staff member close to the principal figures remarked, on condition of anonymity, "That was the beginning of the end. The Valle affair poisoned the well. From then on, it was only a matter of time."

In view of subsequent events at the *Globe*, there was a certain irony in the fact that Megarry, Webster and Storer were scheduled to appear this week in St. John's, Nfld., at the preliminary stages of that province's trial. The three were not planning to fly down together.

MARTY CAHILL in Toronto



Stephenson discusses Stephenson (right), controversy over wartime activities

## OBITUARY

# Shrouds of secrecy

*The quiet Canadian known as Intrepid dies*

**H**is career in espionage was shrouded by a cloak of secrecy, and his later fame was clouded by controversy. Sir William Stephenson, the legendary spy master whose activities as co-ordinator of British, American and Canadian intelligence during the Second World War spawned the 1976 best seller *A Man Called Intrepid* and a television mini-series of the same name, died at his exclusive home in Bermuda last week at 90. The Winnipeg-born son of a grain farmer and a writer, Stephenson achieved fame as Prime Minister Winston Churchill's key confidant in North America. Churchill entrusted Stephenson with what has been described as the largest espionage operation afloat and bestowed on him the code name Intrepid.

During the war, Stephenson ran covert operations as head of British Security Co-ordination based in New York City's Rockefeller Center. From his office, he helped seal agents into Nazi-occupied Europe. In *A Man Called Intrepid*, Toronto author William Stephenson described how the 490 agents directed the disarming 1943 escape of physician Nevill Bole to Britain from Sweden. Bole had been involved in the development of atomic explosives in Denmark. In the United States, Bole worked with the top-secret Manhattan Project, which designed the atomic bomb.

But, even though Stephenson held more than eight military decorations and awards from five countries—including an Order of

Canada he received from Gov. Gen. Edward Schreyer in 1968—some historians disputed the scope of his wartime achievements. One critic is Alan Tybirk, a retired Toronto election inspector who served as a Canadian-born agent during the war. Tybirk told *Maclean's* that he has extensive evidence to show that Stephenson did not—as his biographer Sir Nevill Bole wrote—order and organize the May 1942, assassination of Reinhold Heydrich, Hitler's chief administrator in Czechoslovakia. Tybirk said that the assassination of Heydrich was planned and carried out by exiled Czechoslovakians based in London.

Other skeptics include British historian Hugh Trevor-Roper and David Stafford, executive director of the Toronto-based Canadian Institute of International Affairs. They note that nowhere in Churchill's six volumes of memoirs is there any reference to Stephenson. For his part, Tybirk claimed that he "unapologetically control[led] history with glory that belongs to others."

Stephenson's death was surrounded by a mystery. Following his instructions that his death be announced until he was buried, officials of St. John's Anglican Church near Hamilton, Bermuda, conducted a quiet funeral and buried him beside his wife, Mary, who died in 1975—before returning to the world that the man called Intrepid had died.

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an intimate knowledge of cowboy life. Tyson has been running a 360-acre ranch in the foothills of the Rocky Mountains for 16 years. And by documenting that world to almost-supperformance, he has won fans both among buckaroos, for whom he is a champion, and among city slickers who find his brand of music refreshingly old-fashioned.

With a voice that is now as securely tested as a well-worn saddle, Boyer has never sounded better. Last year, he thrilled a few audiences and millions of TV viewers with his performance at the opening ceremony of the Calgary Winter Olympics. In January, Canada's sales of his first album of western hits, *Canadiana*, hit the 20,000 mark, qualifying for a gold record award. And this month, Boyer will cope in even more attention as he releases his latest album, *7 Degrees West*, and tours Ontario, and parts Ontario, with performances this month in St. Catharines, Hamilton and Toronto, before heading west to Winnipeg and then British Columbia in March. Said David White, a former member

for top male country vocalists—has drawn Tyson back into the limelight. If Chubbaz the Nigga has the ingredients to do even better, the album features a crisp remake of *Poor Strong Winds* as well as new songs about love, betrayal, and a chilly cattle drive, all of them rife with narrative drive. The first single, "Bring Backin' (It 1997 Year 1994)" is as much about the specific time and place as it is about culture as a tribute to a master songwriter. And the chorus of Gang Tubbz daively repeats a daffodil on horseback: "The chaps were purple/The Gullible was purple/The sky was 1990 blue/Green was the color/Of the greenback 42/He spawed those horses with a whoosh and a holler/Chap the rainbow rode."

hitch I know—the master of my fate and the captain of my soul.” Later, in his hotel room, he pulled off his boots, poured some red wine and said: “I’m a good songwriter and a good singer. And I’m a cowboy, so I don’t have to worry about the authenticity of these songs.”

Although Tyson cannot claim to have been born a cowboy, his heritage causes pretty close kinship. His father, George Thomson Tyson, migrated to Alberta from England in 1906 and found work on ranches near what was then the frontier town of Calgary. By the time his son and his older sister, Jean, were born, George Tyson had moved to Victoria, B.C., married Margaret Campbell and hung up his spurs to sell insurance. Still, his inheritance of a love of horses from

ing folk-music scene. Within two months, he and Sylvia had landed contracts with Vanguard Records and with manager Albert Grossman, who then represented Peter, Paul and Mary and, later, Bob Dylan. Suzuki Tyson: "We flew them away. We had a unique sound and the American music industry was a desert."

Riding the folk-music wave during the 1960s, Lu and Sylvia became recording artists and performers who headlined major music festivals on both sides of the border. Devoted to apolitical, they sang a mix of blues, bluegrass and traditional folk ballads. They married in 1964, and some of their best songs, including Sylvia's *You Move on My Mind*, became hits for other artists. But by the late 1960s, the



Tyran (right) and band performing in Elko, Nev., a repertoire of western swing, ballads, bluegrass and 'cow-songs'

## MUSIC

## Cowboy troubadour

*Singer Ian Tyson is riding high again*

**T**he audition was a sea of cowboy hats and a variety of styles—High Western, Ridgeway and Canadian. The teachers, cowhands and wives were assembled last month at a convention centre in northern Nevada for a tribute to the 1950s-country American western artist Charlie Ranall. But the first performer to sing wasn't an American—it was Canada's lute player Tyson. With his white cowboy hat tipped at a jaunty angle and a white beehived hairdo flaringly around his neck, Tyson fit right in. Carrying an acoustic guitar and accompanied by his band, the Clonook Arch Riders, the Alberta act stole the audience. "I've got to be back in Alaska—lots just like home." And the crowd it was. For the first time, a Canadian country singer from his ranch near Langley, Alta., 70 km southwest of Calgary, hit the small Nevada

turns for an annual festival called the Cowboy Poetry Gathering. Tyuss sang his loving portrait of Russell. The CQ, to an appreciative audience. Then he and his band roared back across town to a large crowd-hall, where Tyuss performed songs about rodeo star Casey Tibbs and cowboy author M.W. Jones. The singer said later, "I want to be a western historian. Those guys are my heroes and I desire to have songs written about them."

At 55, Tyson is something of a hero himself. Already a legend in Canadian music—best known for such classics as *Four Strong Winds*, *Someday Soon* and *Saturday Night* which he wrote and sang during the 1960s in the popular folk duo duo and Sylvia—Tyson has recently fought his way back from obscurity with distinctive songs that accentuate the western side of country-and-western music. In fact, he has

er of his own group, the Great Western Orchestra. "That's a great singer with a unique vision of the West. To get that message across to an urban audience is quite an achievement."

Typson's accent is that, unlike most men in his country, he speaks quietly and modestly, but always by his subject matter's honesty. After breaking up with his long-time partner and first wife, Sylvia, in 1975, Typson left the confines of downtown Toronto for the open spaces of northwestern Alberta. There, with the squabbling but often artistic and intelligent people of the area, he found, according to *Four Strong Winds*, "the bright blue marsh and returned to a passion he developed as a child in British Columbia: horses. Soon he became a top trainer of cutting horses, especially head-quartering horses used to separate cattle from a herd. Typson now has 15 of these, which he exercises every day, and a small herd of cattle he helps in their training. These days, Typson says he is trying to strike a balance between running the ranch, competing in the occasional cutting-horse contest (he has won several national competitions in both Canada and the United States) and continuing to make

But more and more, Tyson's music is gaining the upper hand: His first two cowboy albums, *GM Corral* and *Saginaw* (1983) and *Low Rider* (1984), won accolades from critics. And the success of *Cowboyography* (1986)—which includes the hit singles *Fifty Years Ago* and *Pieces of a Dream*—earned him a 1987 Juno Award

There'll never be another like you."

Tyson was that he found his true identity when his cowboy life and his music career merged. "I've always wanted to be a cowboy," he says, and his former wife, Sylvia, who now lives in her own solo career. Certainly, Tyson needed the heroics of a rodeo when he staged at Stockton's Motor Hotel in Reno, a town of 12,000 surrounded by sagebrush hills and bounding three canyons and five legal brothels. Moving slowly through a repertoire of western swing, waltzes, shuffles, bluegrass and what Tyson calls "cow-gangs," the four-in-a-box, who has the good looks of a well-tamed rooster, he complimented the couples on the dance floor and offered to sing rough caustic tapes of *Flowers of the Moon* after the show.

The next day, driving around Elko in his pickup truck—a Ford Lariat with a “Cowboy Classics” insignia on the side—Tyson was clearly riding high. Indulging in some chewing tobacco, he declared, “I’m the finest smoke-

he nostalgic father, who took up polo, and a romantic view of the cowboy life—inspired by George's tall tales and the Will James books he gave his son. During high school, he began riding in amateur rodeos on weekends. Then, after graduating, he went to work in the E.C. logging industry and followed the route carved out by his father. But, at his parents' suggestion, he enrolled at the Vancouver School of Art and, after breaking up as well as in a rodeo, rode on the money.

As a frustrated out-of-work commercial artist with aspirations to become a musician, Tyson hitchhiked to Toronto in 1956. By day, he worked as a graphic artist—the Randalls don't dole out money until he has his design by night. He joined such young idiomancers as Don Freed and Gordon Lightfoot in local coffee houses. When he was introduced to Selma Fricker, then Chabbers Girl, Tyson found himself a singing partner to his placement his voice. In 1964, the two travelled to New York City, where they quickly became the darlings of the burgeoning

Beats had changed listening tastes, and by the mid-1960s, the music evolved away from folk music. Like their American counterparts at the time, the Byrds, they pioneered country-rock with their own band, Great Speckled Bird. According to Sybil, the fusion sound was "like all of its time" and failed to catch on commercially. Instead, the group's self-titled 1968 album—now out of print—remains a rare classic worth up to \$250 among collectors.

Without television, the 1970s would have been lean years for Tyson. As host with Sylvia of *Muskele Noddy*, a weekly caricature, and then of *The Late Tyson Show*, with Sylvia as an occasional guest, Tyson became a fixture on the cultural airwaves. By 1975, he and Sylvia—who have a son, Clay, now 32—had drifted apart and divorced. And although Tyson had bought a farm in Newtonville, Ont., he yearned for the West. Quitting his TV show, he moved out to Alberta, fulfilling the prophecy of his song, *Four Strong Winds*, written a decade



corber ("Think I'll go out to Alberta/Mother's god there in the fall/Got some friends that I can go to working for"). After working at a friend's ranch in Fischer Creek, he landed outside of Longview.

Still, even with his ranch, a three-bedroom cedar-log cabin and a stable of horses, Tyson says that he was unhappy. Musically, he now admits, he was in a slump. Performing on weekends at the Rodeo's bar in Calgary, Tyson was disappointed by the audience's slow applause. Recalled Tyson: "It was boring me into an alcoholic. The only way I could pump myself up for the rodeo and the fighting was to get drunk." For a time, he put his guitar away altogether. Then Tyson met the still-talented Twyla Baker, a waitress at the Rodeo's bar who eventually scored a win him. At her encouragement one evening, he performed some of the old western songs from his last Sylva days for guests at their home. Everyone was so excited at the sound that Tyson decided to record. *Old Country* hit the ranch, using local musicians.

Tyson says that his musical comeback is especially satisfying because after he moved out West, "the music establishment, really wrote me off." Added the singer: "They just said, 'Oh, no Tyson was not to be a house, at all right, we'll show him how that works.'" He has focused his recent recordings independently—with help from a Calgary car dealer and a millwright. Tyson rancher—opened his own mail-order system and is now showing a



Ian and Sylvia in 1965: the darlings of the burgeoning folk-rock scene

heavily profit. He says that his two albums each expect to get back their investments of \$15,000 and make \$30,000 profit from Canslography. "It was a totally grassroots Albertan success," Tyson added, "and I'm proud of it." Next, through his licensing deal with Edmonton-based Stage Plan Records, Tyson's covers are distributed in Canada by a major label, WEA Music. And his cowboy music is

finding its way to the Far East and Europe (Tyson's appearance at the Winter Olympics led to a deal with East Germany, where only a few country artists' recordings are available).

Now married to Twyla, 39 and with a daughter, Aislinn Rose, 3, Tyson has adopted traditional conservative values leaving a cowboy. He favors hot trade ("cowboy culture has always been north-south") and the death penalty ("Ted Bundy got what he deserved") and strongly opposes farm subsidies ("Tradition was right, farmers are a bunch of idiots"). Last year, the Reform party of Western Canada approached him to run on the federal election, but he declined. And, when it comes to his music, former band members say that Tyson is an authoritarian who calls all the shots and demands total dedication.

An individualist in the true cowboy tradition, Tyson likes to challenge authority—especially when it comes to environmental issues. Two years ago, he and some neighboring ranchers successfully led a movement to block the defense department from purchasing 5,500 acres in southern Alberta to use as a training ground. Now, encouraged by their success, he plans to organize opposition to the proposed damming on the Oldman River north of Lethbridge, one of the province's last unspoiled rivers. Said Tyson: "One year old world is dying. If we all clean up our own backyards, we might stand a chance."

But Tyson's chief passion remains his music and cowboys. For the backcountry who gathered last month in Glau, he has become the voice of a dying breed. Said Tyson: "Cowboys are our cowboy and real-life heroics—simple people who go completely against the North American grain of economic security and material acquisition. It's like a calling." And whether he is singing about rodeos and cowboy attire like himself, about leaving cattle or raising cutting horses, Tyson has found his niche on the stage.

NICHOLAS JENNINGS is in Chicago

## FILMS

# Home, sweet hell

Two new movies unearth horror in suburbia

Both are horror movies about parental repression. Both are about children who seek out demons where they are not supposed to go, and suffer dire consequences. Parents and Piss are thrillers about the fears that lurk in the God-swinged porches of the suburban family. And both were filmed in Canada. Parents, produced by Canadian Bruce Paltrow, was shot in suburban Toronto. Piss, directed by Sander Stems, a native of

the center of an excellent cast, Canada's Bryan Markley, a truly authentic as the perished child. It is Markley's first acting job, and producer Paltrow—who worked as associate producer with Canadian director Norman Jewison on *Blackboard Jungle* and *Agnes of God*—recruited the boy from his own neighborhood's house in the Toronto suburb of Thornhill.

Making few concessions to mainstream



Markley, Hart, Quaid: strange parents, grisly truth

Parents, setting with Freudian psychology, is a nightmare look at a 1960s family, even through the over-endearing eyes of a frightened 10-year-old named Michael. His family has just moved into a new split-level house. Father's aqua Oldsmobile is in the driveway; mother cheerfully shows him a spot in the kitchen. The couple's living room is justly decorated with futuristic futurist art of that era. But the color holds a darker hint of flesh that did not come from the local newspaper.

And long after the audience has guessed the grisly truth, Markley discovers that his parents are stranger than he dared imagine they are. Canals.

Trained less in *Newsweek* The Twilight Zone have called head-on, a television hell, with graphic results. Parents presents a macabre satire of late-1950s suburbia—the broody optimists and naive technology of a culture about to lose its innocence. Michael's father, portrayed with sinister calm by Bryan Markley, is an upriverly subtle, delicate expert at a company called "Totem." Myer Smith that crispy complements him as a mother trying to protect her son from unseen secrets. And

starts, Parents taps into a great fear. Michael's parents want him to be just like them: a happy, well-adjusted citizen. Said Paltrow: "All of us, on one level or another, are afraid of turning into our parents." Boldly directed by U.S. actor Rob Reiner, making his first feature, the movie is saturated with metaphor. The house itself is a little confession of repression, as the camera traces Michael's curiosity from crack in his bedroom ceiling to a nightmarish descent through the house's dark. Like director David Lynch's 1978 cult classic, *Eraserhead*, which evoked a nightmarish world behind a radiator, Parents is not for the squeamish. Its sound track and its hell with novelty tones of the 1950s—from Classically Late to

Purple People Eater—had the same only enforces the horror.

By contrast, Piss presents a much blander tale of parental guidance gone wrong. Based on a best-selling novel by U.S. author Andrew Newman, it is the story of Leon (David Hewlett) and his wife, Ursula (Sissy Spacek). They are raised by a mother obsessed with cleanliness who keeps the furniture shrouded in cellophane. And their father is a physician who uses an anatomical dummy in his office to practice neurosurgery. In fact, he uses the dummy—named Pin Uddle Panchenko—to suggest mental issues to his children. As they grow up, Ursula realizes that Piss is only a dummy. But Leon persists in believing that his childhood monster is alive. After a car accident kills all the parents, Ursula is left living alone in a big house with her suddenly deceased brother—and the accursed Pin.

Something dreadful has to happen. Ursula fleeces money, and Leon is a very paleface brother. But by the time the horror arrives, it is too little, too late, and too obvious. The movie is well acted by Canadian Preston and Hewlett and nicely photographed. But it is obviously directed by Stems, a physician turned Hollywood screenwriter. Stems, who wrote the script for the 1970 hit *The Andy Hardy* and has developed numerous TV shows, makes his debut as a director of theatrical features with *Piss*. What he has created is a bloodless examination into commercial cliché—too tame for horror fans and too silly for anyone else.

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### RECTION

- 1 *The Seeds of Time*, Stephen (2)
- 2 *Car's Eye*, Howard (1)
- 3 *The Eyes of Ophelia*, Dreize (2)
- 4 *January*, Welton (6)
- 5 *Worth*, Price (10)
- 6 *The Edge*, Francis (5)
- 7 *See Hawk*, Dayton (7)
- 8 *The Long Book*, Ten-Times of the Seed, Arden
- 9 *The Queen of the Damned*, Price (1)
- 10 *Goodbye*, Lued (5)

### NONFICION

- 1 *A Brief History of Time*, Hawking (2)
- 2 *The Acts of God*, Smith (1)
- 3 *Canadian River Miracles*, Campbell, Price (1)
- 4 *Genetics*, Smith (1)
- 5 *The Power Words*, Daniels (4)
- 6 *The Last Lion*, Winston Spencer Churchill, Allen, 1932-1940, Maclean (2)
- 7 *Seven for Success*, Adams
- 8 *The Struggle for Democracy*, Wilson and Smith (1)
- 9 *Colling the Stars*, Arden (1)
- 10 *Changelings*, Love with Parker (3)

© Previous list: 1991

Compiled by Sandra McGee



# Ever so humble, but no place like home

BY ALLAN FOTHERINGHAM

Zeus, Dr. Fotheringham, it really is nice to come into a column with your presence.

Delicate in specificity the phantasmagorical complementation of your sublele creaminess.

Well, I heard a rumor you are leaving your Washington base and returning to Canada.

This is true, although I don't quite see it. It's great news, but it seems a shame that can be pursued.

Of course, Ronnie Rambo, king of all he surveyed, departed Washington for a leader, greater leader in California, and I cannot only appreciate that we left the field of battle together. I'm sure he would agree.

Do you think he returned?

There is no doubt there was a visceral feeling, the vibrations, that Washington was losing two institutions at the same time.

What will Reagan's new role evolve into in the eyes of the American voters who loved him?

He will become the Queen's Man of America, of whom we are the only king.

And you?

The Oscar Wilde, actually, who on first coming to America was asked at the New York Cosmos whether he had anything to declare and replied, "Only my genius."

I understand that Old Bill, your faithful 12-year-old son, broke down in Niagara Falls on your way back with a spiritual guide and a collection of the carter.

That is true. I ended up the only single person in a Niagara Falls honeymoon hotel. The hotel clerk looked at me rather suspiciously. You know, naturally, what Wilde said about Niagara Falls?

I hesitate to ask, but no.

The second-biggest disappointment in a bride's life.

Get serious. What do you really plan to do on your return here?

I am dumbfounded you should ask. Save the country, of course. It surely needs it.

Since you originally intended driving Maloney, does he welcome your return?

Not really. It's not his. I'm worried about who would Mar he?



The Politician.  
Who, could I ask, is The Politician?  
That's Mike.  
Why are you worried about Mike?  
Because I got her favorite charity mired up in a book. I wrote multiple columns when I meant cyber. I mean. She hasn't spoken to me since.

Does she really miss it?

Look, you do. You surely don't think when on the night member Maloney inter column that runs the country is what counts? If Mike we'll speak to you in Canada, you're dead.

If that is so, why are you coming back to Canada?

It's like Everett. Because she's there. I can't imagine it. What if it's that you will most miss of the United States?

That's easy. It's the kind humor. You've heard of the latest celebrity who has quit making?

No. Who?

Tril Dandy.  
Oh, yeah. Let's move along. You didn't want to bring around and cover George Bush?

Covering George Bush after covering Ron Reagan would be like covering Eddie Fisher after covering Richard Burton. Not quite the same.

I see. And Bush?

He doesn't have any opinions—until his pollsters tell him what he should think.

Does he have any links with Maloney in this area?

Yes.  
You mean the same?

Yes.  
Can Mike read?

Yes, very well.  
So she might read this and you'll be on the case again.

I'm afraid so. I'm still stuck in this No-Tell Motel in Niagara Falls and nothing is going right for me.

You sound down.

Not really. Whenever I feel down, I think about The Glib and Me.

That would be "Canada's National Newspaper"?

Yes, got it. Toronto's National Newspaper, where the publisher, whose great newspapering experience is in marketing, has just fired a fine, honorable editor and a good journalist who was the managing editor.

Has there not something good about all this?

Of course. The perpetrator of the deed is from The Toronto Star.

So?

The Star, famed in song and story, is famous for firing 20 six-stained wretches on Christmas Eve. The sad Globe has written until Boxing Day to sack his editor.

He probably was worrying about the luxury.

You were rather stressed with this situation.

Not at all. I have a job.

What job, tell us, your new job?

Quite simple, you feel. To bring truth, justice, social equality and family values to the country that is turning from a traditionally liberal nation to a world of inequality. They acted mainly because the Mikecony have become more liberal than the Tories. I didn't want it. I only have to explain it.

What you say special advice for Maloney?

I will be delivering it in a gift stick, to be stored over the Christmas.

Do you have any doubt he will consider it?

Yes. Just one.

What, pray tell, would that be?

If Mike interrupts it.

Get, Dr. Folk, you have certainly fooled the world on your return.

The last I could do.

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